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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

No. 2307

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BOOK ON CEMA AGRICULTURAL-INDUSTRIAL INTEGRATION REVIEWED

Warsaw SPRAWY MIEDZYNARODOWE in Polish No 12, Dec 81 pp 143-144

[Review by a.z. of book ROLNICZO-PRZEMYSLOWA INTEGRACJA KRAJOW RWPG [THE AGRICULTURAL-INDUSTRIAL INTEGRATION OF CEMA COUNTRIES], Polish Agricultural Publishers [PWR], Warsaw, 1981, 193 pages]

[Text] This work, prepared by a team of Soviet authors representing the various fields of study connected with the individual spheres of the agricultural-industrial complex, constitutes an attempt to generalize the experiences of CEMA countries in the area of intra country and international agricultural-industrial integration. It contains considerations and postulates which are interesting from a theoretical point of view.

The authors discuss the basic problems connected with the formation of the agricultural-industrial complex within individual CEMA countries and within the framework of the entire community. These problems are grouped into three chapters, covering: the material base for agricultural-industrial cooperation and integration, as well as its development; agricultural-industrial cooperation in CEMA countries; international socialist agricultural-industrial integration. They pointed out general regularities in this field and they extracted characteristic features for the development of these processes. The work shows that agricultural-industrial cooperation is developing in all CEMA countries, although the level, tempo, and forms of this process are different in the individual countries. On the other hand, international socialist agricultural-industrial integration is proceeding at a significantly weaker pace than are integration processes in industry. The authors assert, however, that this integration cannot be artificially "pushed along" but should develop according to the ripening of the appropriate conditions.

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SIGNIFICANCE OF PRICING IN INTENSIFICATION OF ECONOMY VIEWED

Prague NOVA MYSL in Czech No 5, 1982 pp 23-33

[Article by Michal Sabolcik: "Price Policy in the Process of the Intensification of the Economy"]

[Text] The fundamental strategy of the current building of a developed socialist society in the CSSR is efficiency and quality of economic development achieved through an intensification of the economy. A thorough and rapid shift to the intensification of the economy is a directive, the level of urgency of which was strongly emphasized by the 16th CPCZ Congress.

The 16th CPCZ Congress pointed out that this process is socially and economically necessary because:

--the extensive growth of production inputs cannot be assured from either internal or external sources. Imports of raw materials, other inputs, and energy during the Seventh Five-Year Plan will basically remain at the level reached in 1980, and may even be lower. Population development does not make it feasible to expect any significant increase in the labor force. By increasing productivity we must free up labor for those branches where labor capitalization is proceeding, for objective reasons, more slowly. Possibilities for the formation and distribution of national income do not permit any increase in capital investments;

--our economy has both short-term and long-term internal underutilized capacities which must be mobilized; these result, among other things, from a low valuation of inputs, from an unsatisfactory implementation of research and development and of our production potential, high level of waste, and from deficient management and planning practices.

At the 26th CPSU Congress and at the 16th CPCZ Congress the necessity of speeding up intensification was emphasized, and the basic principles of a program for the purposeful restructuring of the management mechanism, aimed at a systematic strengthening of the effects of intensive factors in the development of the economy we've adopted. This intention, in conjunction with the economic policy, must be supported by the price policy which is an inseparable component.

We must recognize that there is a mutual, dialectic link between individual price systems. An increase in wholesale prices generates pressure on an increase in procurement prices, retail prices, rates and the cost of services.

Each cost increase, each inefficiency exerts a decisive influence on wholesale price levels. Return on investment is reduced, profit levels are influenced negatively and, as a result, so are enterprise and individual economic incentives. The intensification process is a required path to reduction in costs per util [a hypothetical unit of utility]. And this is what we are after in the entire intensification process.

In this article, we will be mainly concerned with the influence of wholesale prices on intensification; these prices being one of the critical areas of our price system in view of the importance of our industry in national income formation. We are also aware of the importance of the remaining price systems, especially retail prices and their relationship to the critical role of the plan in assuring a balance of production and consumption, disposable income and the supply of consumer goods.

The Role and Place of Price in the Process of Economic Intensification

Before pointing out the role and place of price, we wish to define intensification processes, as described by Comrade L.I. Brezhnev at the 26th CPSU Congress: "The intensification of the economy and an increase in its efficiency in practice means, above all, that production rises faster than costs of production and that the greatest possible production output be achieved with relatively fewer resources." (26th CPSU Congress. Documents and Materials. Prague, Svoboda, 1981 p 42)

Prices influence this process within the framework of economic policy. Their role through their function is not only to reflect objectively, but also actively to influence the cost relationships in the national economy. Therefore, it is our main objective that prices act as an objective measure of the expenditure of socially necessary costs. This is also the source of their critical and active effect on the planned, effective development of the national economy. In this way they act on objectivity in management, planning and decisionmaking.

The price mechanism must also respect the principles of economic policy, actively influencing the meeting of objectives of individual stages of development of a socialist society. On the other hand, it acts as a standard in economic processes, a motivator of intensification, of a high level of input valuation and of the increase achieved in public efficiency and quality. And this is true of all price systems; wholesale, procurement, foreign-trade tariffs and retail prices, and the cost of labor and services.

In respect to the intensification processes, prices play a major role in the following areas:

--they fulfill the function of an objective criterion for production resources and turnover and exert a positive influence on economic development consistent with the goals of intensification, while providing for a continual reinforcement in the area of federal price controls;

--they act to balance and keep current wholesale prices relative to actual expenditures for domestic production and imports while exerting systematic pressure for enhancement and more efficient utilization of fuels, energy and raw materials in consumption;

--in the improvement of price incentives, they act to increase technical sophistication, quality and marketability of new products in both the domestic and the international markets. This demands more precise criteria for quality goods markup and penalty, price reduction for producers of low-quality products;

--they stimulate increased export performance, above all in obtaining higher foreign prices, and by exerting an active influence on producers to improve their product quality criteria, etc.;

--in influencing, through pricing, the demand production and consumption price structures;

--in the area of retail prices, they ensure the necessary correspondence among price, wage and social policy.

From the above price policy objectives in the fulfillment of the guidelines of the 16th CPCZ Congress, it follows that we are primarily interested in the implementation of more rigorous criteria and greater objectivity of our prices. Equally important is a more flexible price reaction tied to the plan, to changing economic conditions especially in foreign-trade relations, always, however, maintaining strict central price controls. It is understandable that benefiting from a more efficient price development planning and price formation to achieve smooth functioning of the price structure and a more precise criterial relationship between domestic and foreign prices is not a one-shot project, but a gradual and continuing process. Meeting the demanding objectives of price policy requires thorough utilization of all mechanisms of the state price-control system and, to a substantial extent, the assurance of conditions for meeting the objectives in the other areas of planned management. The foundation of greater price efficiency is formed by pertinent economic measures.

The very enumeration of these objectives clearly demonstrates that this is a broad spectrum of problems with a number of relations and circumstances bearing on the efficiency and quality. At the same time, these relations are complex and multifaceted. However, a more profound comprehension of these relations is necessary for planned selection and application of the most efficient factors to achieve the planned goals of intensification.

The efficiency of public activity, aside from its social (socioeconomic), temporal, spatial and other aspects, also has a price effect. After all, what may appear from a narrow economic viewpoint to be highly efficient may be far from efficient from the viewpoint of society as a whole, viewed in terms of the near or far future or vice versa. Prices can make a substantial contribution to an understanding of these problems. This is particularly pressing in a time of rapid technological changes, when the pace of progress is picking up; when socioeconomic changes are occurring more rapidly; and when social consciousness and existence is developing within the growing complexity of contemporary conditions.

Price System Modification--Achieving a Balance Between Prices and Socially Justified Costs

The purpose of the price system modification is principally to achieve a "rationality" of prices; i.e., that prices should correspond to socially

necessary costs of production. This relates both to price levels and to changes in price relationships.

The rationality of prices, their ability to reflect objectively the socially necessary costs of labor, ensures the correctness of the expressed valuation process--planned and actual. The quality of planning and the plans themselves greatly influence the socially necessary costs and the dynamic of creation of resources and use in the expanding replacement process; that is, as the basis of price development.

An inseparable component of the content of the price system modification are the principles, forms and methods of the direct effect of prices on the development of the national economy based on the developments of conditions in production, in turnover, and in the management system, etc. The process of aligning prices with the socially necessary costs, is proceeding from the past and the present toward the future. The optimal methods are being sought to achieve higher objectives.

This is to ensure that the costs of production be fully covered by prices. In this way, prices support the objectives of both the state plan and the entire management system: speeding up the intensification processes.

Thus, the modification of the price system is based on decisions which effect future levels of efficiency. It is directly tied to the improvements of regulatory, management and planning principles, forms and methods by which society influences and controls this system which, ultimately, concerns the state price-management system.

The state price controls include all areas of the price modification system. It involves, above all, planning of price developments, pricing of new products, price analyses and controls, the price-information system, etc. Within the framework of the plan, both one-time price changes and routinely planned price changes are implemented. These planned changes form the basis for price formation for new products.

Great demands are being placed on these processes. We must be aware that the development of socially necessary costs, which are the basis for price formation, is continuous and currently has been accelerating. It is influenced by such factors as the rapid modernization process in connection with the scientific and technical revolution; the increases in prices and shortages of imported raw materials; the need to reallocate labor to meet the requirements of changes in the dynamic and structure of production resulting from essential application of incentives; the level of utilization of production capacity; substitution and optimalization of consumption and investments, etc. Given relatively stable prices, any changes in these conditions over time leading to changes in socially necessary costs could outstrip the development of prices and disrupt certain aspects of the rationality of prices.

And this raises a number of pressing questions. How to solve the problem? Which set of economic conditions is it socially desirable to have prices reflect? To what extent should nonprice management be utilized? How can we

speed up the reaction to changes in socially necessary costs? The path to a solution has been indicated by the 16th CPCZ Congress, which calls for "a smooth updating of wholesale prices tied to a realistic development of purchasing costs for imports and domestic production, while exerting systematic pressure for enhancement and more effective utilization of fuels, energy and raw materials in consumption." (16th CPCZ Congress. Prague, Svoboda, 1981. p 408)

The requirement of adjusting the price system primarily to a smooth introduction of realistic wholesale prices, follows from the practical need for a substantial improvement in the rationality of wholesale prices. The current updating of wholesale prices, implemented through one-time, basically across-the-board restructurings of wholesale prices, usually at 5-year intervals, has led to increasing difficulty in assuring a balance between individual wholesale prices and their cost base. The difficulties have been growing in direct proportion to the increasing pace of changes in socially necessary costs within the framework of a 5-year period and additional requirements for price rationalization as, for instance, for the utilization of prices to stimulate greater efficiency, etc. [Today's] prices are changing more quickly. This reduces their function as a criterion and weakens their effectiveness. We make decisions on the basis of assessments. Good decisionmaking requires objective prices as a starting point. We must, then, gradually reach a situation in which the price system, in the area of inputs into the replacement process, reflects the objective costs of individual factors of production, be they raw materials, other inputs or production assets, while developing, in accordance with the plan and other economic tools the requisite economic pressure for their maximum conservation, utilization and enhancement.

As far as outputs from the production process are concerned, the price system must objectively assign value to the production from the aspect of socially necessary production costs, based on social utility, among other things, also on the basis of export efficiency for exacting foreign markets. In this case, the price system, in conjunction with the plan, must lead the way, provide motivation and price incentives for increased technological sophistication and quality of production, cost efficiency and acceleration of the pace of effective innovation; that is, ensure the maximization of the replacement process.

From the above basic demands placed on the price system, its implementation according to the directives of the 16th CPCZ Congress requires the use of all tools of the state price administration to ensure its effectiveness. The process of smooth price-policy implementation must proceed systematically according to the state plan as to its specific focus and methodological procedures. This continuity and coupling must flow in both directions. Price perspectives are important for plan development. Planned price measures being implemented must support the plan objectives and, likewise, the specific plan provisions must reinforce the price effects. Such a comprehensive, mutually reinforcing concept of planning and prices is the basis for smooth implementation of price policy. It is also the starting point for the desired price effects on the entire system of economic management of the national economy.

A price can fulfill its role, and effect the market through fluctuation in support of the planned objectives only if the conditions for it are maintained and its effects are limited to a rational level.

This requires ensuring planned, centralized management of the price system based on a systematic balanced expansion of the socialist asset-replacement system, supported by the entire management system through the utilization of all forms, mechanisms and tools of the system. Concurrently with this planned balance in the development of resources and needs of the economy, an appropriate base is to be developed for price movements at the level of socially necessary labor costs and conditions created so that the individual prices, through their planned fluctuation, support the development and introduction of new technology, new high-quality products desirable changes in product mix, raw material and energy conservation, and further development of specialization and cooperation, etc.

It is necessary to plan and control prices in a socialist economy not haphazardly but systematically and following specific objectives to reach those goals more rapidly; to support them not in isolation from other management tools but in consonance with them and for their mutual support.

It is important that the pressure of wholesale prices find an echo in a more effective and economical utilization rate of our productive resources and that they be reflected not only into short-term economic measures, but that [they motivate] enterprises to adopt long-range rationalization measures in the form of plan forecasting with the objective of increasing efficiency.

It is also necessary to intensify and improve price relations, especially in developing sectors, and to assure the compatibility of price effects and the goals and directives of the national economic plan. And this must be true in relation to both domestic and foreign economic relations, especially in the innovation processes.

Innovation Processes and Pricing of New Products

Scientific and technological developments are the main factors in an increase in the efficiency of production and its development. For these reasons, the importance of planned innovation processes has been emphasized many times in documents adopted by the highest party and state authorities.

In the 1980's, the world will demand not only many more new products and services, but higher innovational ability, flexibility and greater specific adaptability of individual professions, sectors and the entire national economy. The increase in the standard of living will depend more and more on our ability to satisfy the new demands.

The intensification of innovative ability requires a systematic creation of conditions for development of socially desirable inventions which would have an impact not only on producers, but also on users and the entire society.

Of increasing importance for the continued development of production is an improvement in the social productivity of labor. The primary factors in increasing social productivity are new assets and new technology, but also new raw materials, new forms of energy, greater capacity utilization, etc. Everything makes its contribution. Based on the evaluation, we have to estimate the

impact per util in approving prices for new products. With this process the socialist state has in its hands the opportunity not only of evaluating the potential gross effect but also to plan ahead for a purposeful approach.

The extent to which we are successful in having prices reflect objectively the development of socially necessary labor costs stemming from the process of innovation will depend on the pricing of new products. It is at the time of the approval of proposed prices for new products that we must, as objectively as possible, judge the novelty of the product and thereby the effectiveness of the innovation from the viewpoint of societywide needs and possibilities.

The result of product innovation must be new, high-quality, high-performance machinery and equipment designed for further production and for export; equipment with specifications and production capabilities leading to an increase in user labor productivity which would make it possible to make the product less material-, energy- and import-intensive and thus increase efficiency.

Current pricing practice assures that:

a) prices of new products are based on pricing methods which assure the maintenance of existing price levels even during a decline in new product utility, especially in machinery and equipment;

b) price changes are basically carried out by a uniformly established procedure and in conjunction with the methodology of plan development.

Thus, socially necessary costs are reflected in the prices of new products tied to the price levels set by the plan or an accomplished restructuring of prices.

Here, too, arises the problem of the objectivity of the initial pricing basis for new products. Price must act as a rational planning instrument and, therefore, it must remain stable over a period of time. Nevertheless, the dynamic of economic development also demands that prices effect the mutual relationship between production and consumption.

Once socially normal production conditions change significantly, which can happen due to contingencies in overall economic development over time, the base for the price formation becomes obsolete and, as a result, it effects the evaluation of the innovation process. Sooner or later, it becomes essential to change the base price. Otherwise, this price ceases to reflect actual labor costs and no longer helps meet the economic policy goals in a given period.

A price change establishes a new foundation, against which we can again measure individual cost reductions per unit of production. The standard against which individual production costs are reduced changes gradually in the course of time and creates pressures for increasing the efficiency of the replacement process.

But the price base can only be caused by changes in the normal social conditions of production and by changes in average costs which, naturally, change much more slowly than individual costs. They impart, then, a certain price

stability and, thereby, a certain guarantee of economic preferences for those enterprises which reduce production costs faster than the social norm does.

For price formation, this implies that in the future it will not be possible to passively select the initial pricing base, but always to have to judge to what extent a given base corresponds to new conditions for which the price of the new product is being proposed.

Yet, this may not lead to the inclusion of all individual costs in prices. For this reason, price formation and price planning must maintain a uniformity in their basic content which is expressed by a rational price reflecting socially necessary costs. This does not preclude taking into consideration, to a socially necessary extent, the conditions and results arising in the consumption process, particularly in related production processes and, in the case of exports, the foreign prices which have been achieved.

But we must also realize that price changes carried out by the pricing policy have the character of routine modifications. They have a more immediate and effective influence. They do not require rigorous procedures associated with the accounting and with the balancing of the state plan which necessarily result from one-time price alterations of larger magnitude which are meant to balance the accumulated differences between the old and new socially necessary costs of production which have often been building up for a number of years.

This, of course, requires the priority determination of a method of pricing which would objectively reflect producer costs of new production as an aspect of a socially essential level. In addition to developing a more reliable method of price formation which would meet the specifications of individual sectors (or production groups), it is necessary to improve the approaches for achieving savings and an effective interchange of materials in terms of prices, methods of calculation and the allocation of economic consequences among producers and consumers resulting from the use of new products, methods of mutual effects of production quantities and delivery deadlines and, particularly, the normative base.

The significance of a thoroughgoing implementation of the standards was emphasized at the Fourth Plenum of the CPCZ Central Committee in 1981. In the words of Comrade Strougal, "Without the systematic verification of performance and material standards, it is impossible to plan and to manage effectively." (Fourth Plenum of the CPCZ Central Committee, 28-29 October 1981. On Current Tasks in the Development of Agriculture and Food. Prague, Svoboda, 1981, p 55) Defining the standards more precisely will create the conditions for achieving labor savings and is the basis for greater price efficiency. The same applies to an everyday objectivization of preliminary, planned and operating estimates, overhead budgets, etc.

It follows then that in the area of planned new product price formation, the meeting of the goals of the 16th CPCZ Congress concerning a more balanced, wholesale price formation is a pressing issue.

Management, planning and decisionmaking concerning the intensification objectives and their implementation must occur in advance of actual production, whenever there arises a social demand for research development, and capital investment for a new product, for advanced production technologies, for more efficient and higher quality production and marketing and the questions as to the capacity of the structure.

We are attempting to use prices in this fashion, even during the period when we are making a decision on how we will determine a greater future efficiency and quality, and which factors we will use. This objective is being met by the limits on the wholesale prices for future products and cost limits of the production technology under development. This will make the decisionmaking concerning prices an inseparable component of a comprehensive evaluation of the management and planning of applicable measures with a mutual effect in future outcomes.

The price limits define the maximum authorized future prices with a lead time which approaches the time span of a medium-term price development plan. This conditions the extent of their use in the state plan for evaluating the price aspect of contributions to the economy and for intensification in the planning of the production structure.

For the Seventh Five-Year Plan, we are expanding the application of price limits to new products produced under new or altered standards. The formulation of this pricing policy has been assigned by the state, department or sector standardization plan. This will reinforce the effectiveness of price limits and also support the entire process of updating the normative base.

Price limits are now also being established for large-volume nonstandard items for construction projects. This will ensure that the initial design cost estimate be more realistic.

The quality of price and cost limits is crucial to their effectiveness. Several measures have been adopted to increase this effectiveness. Among them a more consistent utilization of foreign price relationships, a comparison to foreign producer parameters, etc. All such measures have the goal of supporting high-level and technological innovation processes as they exist or are developing worldwide.

In establishing the price limits and prices for new products, we are making an effort to have the price of a new product reflect "a program for the future," to have it mobilize resources for greater efficiency. This requires a planned "incorporation" of substantive policy which will encourage intensification and positive structural and cost-price relation changes which will stimulate only truly modernizing innovation processes with the technological advances directly reflected in the economic results.

Price Incentives

Price policy has the task of improving and developing the stimulative function assigned to it by the directives approved by the 16th CPCZ Congress as follows:

"An effective increase in technical sophistication, quality and marketability of new products on the domestic and foreign markets is to be achieved through price incentives. They are to stimulate growth in exports and achieve higher foreign prices in particular. The criteria for granting quality goods markups and requiring subquality goods discounts from producers are to be more strict. A systematic comparative evaluation of our export prices with the prices of comparable goods on foreign markets must be ensured." (16th CPCZ Congress. Prague, Svoboda, 1981, p 408)

Improving price incentives must lead to a more pronounced differentiation in prices and returns relative to their technical sophistication and quality.

We provide for premium pricing of technically advanced products of up to 25 percent of their base price. We also stimulate an increase in the quality of our products. For instance, a product classified as being in the prime quality price group is authorized a markup of up to 25 percent of its base price.

Up to now, the principle that substitutions of materials in products, even those which have brought about savings in materials costs, have been reflected in the price levels in that they resulted in price reductions.

Now, if a producer succeeds in effectively substituting (saving) materials while the product parameters remain substantially the same, then this saving may be retained by the producer.

Letting the producer benefit from such substitution provides him with an incentive to search for additional ways to achieve savings in material.

At the same time, it is necessary to be careful that this practice not lead to a speculative reduction in quality which would be in conflict with public interests.

Incentives in the area of new fashions and luxury products are also adjusting themselves, over the long term, to greater effectiveness primarily to meet the quality requirements of our market.

The effectiveness of price incentives in the area of new fashions must support the requirements laid by the party directives which mandate the satisfaction of consumer needs through the supply of products in demand. It is, therefore, necessary to orient the incentives according to the development of conditions in production, imports and consumption.

At the same time, we are requiring price discounts for obsolete products and products assigned to the third-quality price group. Thus, for instance, given repeated classification of a product in the third-quality category, the required price discounts may reach as much as 30 percent of the base price. Regarding the effectiveness of these measures, it is possible to state that a certain amount of progress has been achieved in the area of incentives. The results so far have been less satisfactory in the area of subquality goods discounting.

Recently, we have gradually begun to provide export incentives. This means that upon the achievement of higher actual prices [through quality], an enterprise is authorized preferential pricing. However, production enterprises must be

aware, to a greater extent than previously, of the cost that the state has to pay for basic raw materials and other inputs from imports. Unjustified sheltering from the impact of the actual costs of imports would weaken the influence of prices on greater efficiency and conservation in consumption.

We want to and must assure a price policy which is aimed at achieving greater social effectiveness. This must be measured, among others, by the improvements of the Czechoslovak economy relative to the world standard. In particular, we must take advantage of world prices for advanced technology and equipment as one of the criteria in our demands on producers and the incentive criteria.

When using price incentives we should not forget that this has its own objective justification given by the greater impact which it gains for society through production and utilization of more advanced, high-quality machinery, products, or from a higher sale price obtained abroad. There also exist some other incentive measures which follow from the degree of utilization and from the growth of factors of production in inputs and in the process of manufacture. Therefore, the incentives must be based on a balanced plan; even though we are aware that incentive can in turn effect the balancing of the plan. It cannot, however, substitute for the balanced nature of a plan.

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CSO: 2400/272

ENERGY-SAVING MEASURES IN AGRICULTURE NOTED

Prague HOSPODARSKE NOVINY in Czech 25 Jun 82 p 6

[Article by Eng Vladimir Dufek, Federal Ministry of Agriculture and Nutrition: "Where to Look for Savings--More Efficient Utilization of Fuels and Energy in Agriculture"]

> [Text] The new conditions of greater austerity in the economic management of fuels and energy require that we utilize resources much more economically and mobilize all the reserves available in agriculture and in the food-processing industry. They also require that we check on production technologies from the viewpoint of their requirements of energy and utilize more efficiently waste heat coming from industrial enterprises and electric power plants as well as nontraditional sources of energy.

The share of our agriculture in the overall consumption of fuels and energy in the CSSR is 5.5 percent, that of the food processing industry 5.2 percent. In contrast, the industrial complex affects significantly the fuel and energy balance account of the CSSR, because its share of consumption of crude oil for example in 1980 was 27 percent, and its consumption of light heating oil was 34 percent. This also indicates that it is necessary to pay more attention to the use of Diesel oil and heating oils in agriculture. In addition, we are forced to do that because of the fact that in comparison with 1980 the limits of allocations of crude oil to the departments of agriculture and nutrition have been reduced about 18 percent, and those of heating oils 20 percent. At the same time, crude oil is the basic type of energy on which further development of vegetable production depends. For this reason, the new allocations of the reduced amount of crude oil within an agricultural enterprise must respect the requirement that priority must be given to take care of agrotechnical operations which directly affect the level of crop yields.

Dry Kilns, Haylofts

It is true that the share of crude oil in the overall consumption of energy in agriculture in the last years has been declining (from 51 percent in 1960 to 49 percent in 1980), but the absolute consumption keeps increasing. If we

take in consideration the fact that the tasks of agriculture will continue to grow, then it is obvious that their fulfillment can be ensured only if we utilize fuels and energy rationally. Indeed, the present situation will not make it possible to continue the current trend of increasing consumption. As a matter of fact, the total consumption of energy in agriculture increased from 1,188,000 tons of measurable fuels in 1960 to 3,551,000 tons of measurable fuels in 1978. In comparison with the consumption growth in our entire national economy of about 79 percent, the consumption in agriculture increased 198 percent.

This comparison shows clearly how much energy was needed in the process of compensating for manpower losses by using machinery, and later on also in the actual process of concentration and specialization of agricultural production. At the same time, agriculture is a branch of economy in which the energy input is highly effective, because agriculture not only consumes energy but also produces it and multiplies it.

The consumption of heating oils has been influenced by rapid development of dry-kiln operations (approximately 35 percent in the CSR), by the need for temperature control of large capacity stables (about 56 percent), and by the production of fodder mixtures. Therefore, it is necessary to look for sources of savings in these areas. Although dry-kiln operations in agriculture are some of the most demanding operations in terms of energy, they were prerequisites for the development of large-scale production technologies in animal production. Conservation of fodder by drying at the present time influences the fodder base by reducing substantially the losses of nutritive substances as compared to the drying of fodder on the ground. It simplifies considerably the storage, mechanized rationing, and giving fodder to livestock. We cannot manage without fodder dried in hot air in view of the present large-scale production technologies. It appears that it will be possible to reduce the volume of such fodder in the CSSR to 600,000 tons, if it is supplemented by hay and by fodder dried at low temperatures. We also pay great attention to the efforts to decrease the specific consumption of fuels in dry kilns by reducing the initial humidity of the substance and utilizing waste heat coming from dry kilns, and to the long-range prospects of automatic control of the drying process. Low-temperature dry kilns are being developed at an accelerated rate of speed. They will operate by using waste heat coming from the compressor stations of the transit gas pipeline, and possibly from nuclear power plants. Savings of about 50 percent of energy are based on the assumption that the substance which is to be dried will contain more than 30 percent of dry residue. In order to do that, it will be necessary to dehydrate fodder crops by squeezing and possibly by compressing.

Large-scale technologies for treatment of hay are in the center of interest today. Conditions are being created to make sure that agricultural enterprises are able to build suitable haylofts It is expected that the drying process and storage will be accelerated by additional drying of hay with preheated air. Air-operated sun heat collectors will be introduced gradually to preheat the air, and that will again save energy. If these are built in the form of serial production, and the matter is under discussion right now, the collectors would basically form the roof of a hayloft. Air-operated sun heat collectors will also be gradually used in other facilities. They are expected to be used in the nearest future in haylofts.

Tractors, Transportation Means

In the case of mobile sources of energy, the fleet of tractors has been gradually supplemented with self-propelled machines and trucks. The share of tractors of higher efficiency categories has kept increasing at the same time. These measures had the influence on efficient use of fuels. The problem which continues to remain today is a shortage of trailer-type machinery and equipment. This type of equipment would make it possible to make full use of the loading capacity and application of tractors. However, we have gradually discontinued deliveries to agriculture of tractors of lower capacity categories (RS-09, Z-3011, Z-4011), which are indispensable for cultivation work, finishing operations with mows, internal transportation in enterprises, transportation of hop stems, and other operations.

Another reserve in the consumption of fuels is available, if we use motors with lower specific consumption of fuel in mobile mechanization means, that is, motors with the value of about 200 gkWh as compared to currently delivered motors with 256 gkWh. Motors with an output of more than 110-120 kilowatts reach the required values. Their use will also lead to a decrease of the use of live labor. There are also opportunities which ensue from the use of low-pressure radial tires on mobile mechanization means. These tires have a lower rolling resistance, higher slipping-through efficiency, which in turn make it possible to reduce consumption of fuel by an additional 3 to 6 percent. The reduction of slipping also results in less damage to plants, particularly fodder crops, and consequently in increased biological yield during subsequent harvests.

A considerable reserve for saving fuel exists in agricultural transportation. The structure of this transportation will necessarily change as a result of measures designed to save fuel. Priority will be given to technological transportation facilities. From the viewpoint of reducing the consumption of fuels, it is necessary to pay more attention to the selection of the given means of transportation. This is also indicated by the following example: If we select for the transportation of 1,000 tkm [ton/kilometers] a tractor with a trailer load of 8 tons, we will consume about 76 liters of Diesel oil, if we use a 5-ton truck we will consume 90 liters, with an 11-ton truck 68 liters, and with a hauler used for a trailer load of 18 to 21 tons only 43 liters. Therefore, transportation by tractor is advantageous only for transportation at short distances (approximately up to 4 kilometers).

These facts were also the main reason why even during the previous five-year plan agriculture called for the development and deliveries of trailer traction of 18-21 tons and of a truck/tractor container system of 11 tons. In addition, this system takes care of another significant requirement, namely separation of transportation in the fields and transportation by road. It reduces litter on roads, especially during harvesting, and is also very important because of the fact that it reduces damage caused to the soil structure by a heavy vehicle. In addition, a tractor carrier of containers used for manipulating containers in the field can be equipped with low-pressure tires.

Difficulties continue to exist in efforts to provide for serial production of these progressive means of transportation. Containerized motor carriers were manufactured last year by Praga National Enterprise on the basis of an

obligation it had assumed. The enterprise delivered to our agriculture 28 motor carriers and 300 containers, which should demonstrate their assumed advantages in agricultural operation, just as it was done previously in testing a functional model at the JZD [Unified Agricultural Cooperative] in Gottwaldov.

The Repa Research Institute for Agricultural Machinery, which was particularly successful in dealing with these problems during the previous five-year plan, has established cooperation with the Sumava State Farms Branch Enterprise, where they want to solve one of their big problems by using the container system, namely the problem of removing manure from stables. Estimates show that when the system is fully applied in the entire enterprise in 1983, annually the enterprise will save 6,400 tractor shifts, Kcs 2 million in costs, and also at least 35 percent of fuels used up to now in this type of operations, in addition to increasing the quality of stable manure (which also has an effect on the savings of energy in fertilizers). The Sumava State Farms Branch Enterprise is engaged in drafting and implementing the largest project of an agricultural containerized system built so far in the CSSR. At the same time, it is expected that the system will be expanded to include other activities of the enterprise.

Additional Inputs of Energy

The requirement to increase vegetable production makes it necessary to create additional energy inputs which are evaluated as an intensification factor. Direct consumption of energy provides for meliorations, irrigations, warming of soil over large areas, and so on. However, the process of increasing the efficiency of natural stations depends on higher indirect consumption of energy in the form of industrial fertilizers, chemical protective substances, new machinery and so on. At the same time, additional inputs of energy reach high values. In order to produce 1 kilogram of industrial fertilizers, the chemical industry uses as much as 86 MJ [kilojoules], about 100 MJ, for the production of 1 kilogram of herbicides and the machine building industry uses over 100 MJ per kilogram of weight of agricultural machines. At the same time, the share of additional energy used to increase the yield is as much as about 33 percent. Other inputs, particularly fuels and energy used in the production of machinery, are basically made in production for the purpose of compensating for the decrease of human labor. Therefore, the problem of energy effectiveness of vegetable production can be solved especially by reducing the share of additional energy and by reducing losses during harvesting and postharvest processing and utilitzation of products or foods.

Problems of genetic and biochemical regulation of photosynthesis are covered by research and studied carefully from the viewpoint of increasing the efficiency of sun radiation. The efficiency of energy of industrial fertilizers applied in soil is reduced by farmers because of certain shortcomings of the storage and application of these fertilizers, as well as--and especially--by manufacturers of industrial fertilizers because of their lower quality (low percentage of granulated fertilizers, shortcomings due to inadequate degree of looseness of the fertilizers and their inadequate suitability for storing), and also by the suppliers of machines for spreading of industrial fertilizers.

Uneven spreading by the delivered machinery, which exceeds the permissible limit of 15 percent, and the spreading range adjustable for 200 to 500 kilograms per hectare do not enable farmers to apply exact amounts as prescribed. Broad research conducted by the Research Institute for Agricultural Engineering in Repy indicates that losses caused by uneven spreading of industrial fertilizers in the case of grains represent about 405,000 tons of grains, and in the case of sugar beet as much as 573,000 tons of tuberous crops.

A significant task which remains is the task of eliminating disharmony between the application of organic and industrial fertilizers in the soil. Energy would be saved by using lower amounts of industrial fertilizers, by making a better use of these amounts thanks to the effect of organic fertilizers, and would improve the fertility of the soil. Savings of substances containing nitrogen are also demonstrably increased by using larger amounts of leguminous plants as green manure. To be specific, in the case of clover crops there are savings of 20 to 30 percent of the total amount of nitrogen used for the crop output in the entire sowing process. The given examples indicate that it is possible to eliminate the shortcomings in the application of industrial fertilizers within the framework of the agroindustrial complex.

Treatment and Preparation of Soil

Treatment and preparation of soil is a demanding area in terms of energy. Search for reserves and their use must face the fact that treatment and preparation of soil create conditions which determine the amount of production. It is generally known that the condition of arable land is not good at present, and therefore agricultural enterprises are correctly concentrating their attention on agrotechnical improvements. The goal of rationalization of fuel consumption in this area should be to give high-quality treatment to the soil while reducing energy inputs. One should take advantage of those facilities which do not show unfavorable effects on soil fertility. One can include the following among these structural technological improvements of machinery and equipment used in the treatment and preparation of soil: biological treatment of soil, particularly treatment involving the use of organic substances, and combining the operations by using aggregate substances or combined machinery. In addition to saving fuels, such measures can also have a favorable effect on the soil structure, because the machines run over the fields less frequently. Biological treatment (by which we mean maintaining and increasing the share of organic substances in soil, which make the soil easier to treat because of their physical and chemical properties) has an indirect effect on savings of energy, because soil treated biologically is less resistant.

Minimized methods of soil treament and the technology of sowing crops in untreated soil offer the highest potential savings. By using these economical technologies on approximately 800,000 hectares in the CSSR, we expect that savings of Diesel oil will amount to 17,000 tons annually. However, when these technologies are used, it is necessary to satisfy a number of conditions specified by the Basic Agrotechnical Research Institute in Hrusovany, which has been testing and has evaluated the technologies within the framework of its research assignment.

The Multitiller combine is an example of machines which combine operations necessary for the preparation of heavy soils. Tests conducted by the Institute for Scientific Management System in the CSR under unfavorable conditions in an arid area in 1980 have shown that by using this machine it is possible to reduce the consumption of fuels as much as 48 percent, reduce labor consumption as much as 62 percent, and increase producitivity by combining the operations to 262 percent. However, this machine is not being produced in our country as yet.

Another measure which essentially increases the natural production of the soil is irrigation of plants. Substantially higher yields are obtained through interaction with industrial fertilizers. When we deduct the consumption of energy in the form of fertilizers and irrigation ($446.6 \times 10^6 kJ \times ha^{-1}$), the net production in the case of sugar beet is as high as $560 \times 10^6 kJ \times ha^{-1}$ annually. In the long run, we expect to use waste water for irrigation purposes, for warming soil, in combination with the use of small hydroelectric power plants and solar energy to activate the pumps.

But There Are Also Other Problems

A significant task of research institutes and particularly agricultural enterprises is to adapt the existing production technologies (which are tributary to the process of industrialization of agricultural production) to the new situation in the area of energetics. The construction of large-capacity facilities, disproportionate expanding of agricultural enterprises, and, within the enterprises, the growing acreage of individual pieces of land, combined with adequate increase of efficiency of the machinery and equipment, were a major factor which caused a sharp increase of fuel consumption in agriculture. Agricultural practices gradually had to shift from technolonies using easily available energy sources to those better suitable for small-scale forms of agriculture. This sudden change was also reflected in increased demands in terms of organization and management of labor in agricultural organizations. Efforts to handle these demands were not always entirely successful. That was the reason why the effectiveness of energy inputs has decreased in the case of certain technologies.

Maximum attention is paid at present to this area. Agricultural enterprises have worked out their energy programs based on the opportunities determined by the limits of fuels and energy. With regard to agricultural machinery, an increasingly larger number of agricultural enterprises are switching to managing it and using it in basic and supplementary mechanization centers. The goal is to make sure that agricultural machinery is operational by improving its technical condition, to make the use of fuels more economical, and to reduce substantially the operational costs of energy-producing means, machines and equipment.

A number of problems arise in connection with the application of more rigid rules in the management of energy in agricultural enterprises. Tractors are taken out of service after several major overhauls, if further repairs would not be feasible because of excessive consumption. Obsolete trucks are being taken out of operation, and more trucks are put aside to be used only during harvesting. The problem is where to assign their drivers temporarily,

especially in the case of these latter trucks. Agricultural enterprises more and more frequently take advantage of their experience in repairing vehicles (or are giving them an opportunity to increase their qualifications) and use them to expand their own repair facilities. Another problem arises in this connection today, namely inadequate specialization in storing spare parts, which makes it necessary to move the vehicles as far as several hundred kilometers. Restrictions on transportation at greater distances in agricultural enterprises conflict with specialization of both the warehouses keeping spare parts as well as of the general repairs centers. Similar problems arise between agricultural enterprises and customer organizations, which are obligated to provide for transportation of products and animals from agricultural organizations.

As shown clearly by the examples given above, rationalization of the consumption of fuels and energy in the agroindustrial complex makes it necessary to concentrate the efforts within the meaning of the system of planned management of agriculture on searching for ways to increase agricultural production by reducing investment and energy requirements. The department of machine building and industry can also exercise great influence on the future development of the consumption of fuels and energy in agriculture by applying the parameter of lower energy requirements as one of the major parameters of the development of new products and innovation of existing products. With such help, agriculture is able to carry out the demanding tasks of the present and of the future, tasks which are designed to increase self-sufficiency in food production with lower investment and energy inputs. In order to do that, it is necessary to utilize all the reserves which exist in the agroindustrial complex.

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PARTY SECRETARY VIEWS AGRICULTURAL PROBLEMS

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[Article: "Strategic Goal: Greater Self-Sufficiency"--M. Jakes and F. Pitra Address a Meeting on the Agricultural-Industrial Complex"]

[Text] A conference of management workers of the participating departments dealt yesterday with measures designed to work out and provide for the targets of the Seventh Five-Year Plan in 1983-1985.

Present at the meeting were Milos Jakes, member of the Presidium and secretary of the CPCZ Central Committee; Frantisek Pitra, secretary of the CPCZ Central Committee; and Rudolf Rohlicek, vice chairman of the CSSR Government. Comrade F. Pitra presented a report on the question under discussion.

Comrade Milos Jakes made the closing speech. He stated, among other things, that the primary task for this year will be the task of mobilizing the entire society for the harvest, particularly harvesting of grains, sugar beet and potatoes. Any loss incurred during the harvesting of the crops would increase the need for importing foods. In the interest of getting good crops, it is necessary at the present time to utilize all intensification factors, and so on.

However, it is unthinkable that we could produce agricultural products without the assistance of the other nonagricultural departments. In order to do that, it is essential to create organizational prerequisites at all management levels for the Seventh Five-Year Plan to provide for the nutrition of the population. As emphasized by Comrade Jakes, it is necessary in the continued development of the agricultural and industrial complex to start also on the basis of the experience gained by other socialist states, above all, by the Soviet Union.

Address by F. Pitra

The development of agricultural production and provisions for the nutrition of the people are primary questions of the program targets in the economic development of our entire socialist community. All fraternal countries are making increased efforts to deal with a number of problems which should have a positive effect on the development of food production. The latest sessions

of CEMA and negotiations designed to deal with questions of cooperation in the handling of the food problem at the next session of the CEMA Council are proof of this. The conclusions of the recent session of the CPSU Central Committee, the speech of Comrade Brezhnev, and the adopted food program provide us with an inspiring stimulus.

Under the conditions which exist in our country, where there are only 43 acres of agricultural land per capita and no opportunities for the land's further expansion, the only way to reach this goal of increasing agricultural production is to intensify it, industrialize it, utilize the findings of science and technology, increase the value of all production in the processing branches of the economy and in the sphere of distribution and consumption.

This demanding task cannot be taken care of without clear participation of all branches which by their deliveries participate in providing for food production. Scientific progress in agriculture and in the food-processing industry cannot be brought about without the participation of the machine building, chemical, power, pharmaceutical, transportation and other industries.

Intensification of collective division of labor, growing importance of intensification factors of agricultural production, all this tends to expand considerably the cooperative and integrating relations with other branches of the national economy and to form gradually the agricultural and industrial complex as an objective law of the present stage of the development of the production forces and production relationships.

And so, not only have there been created conditions at the present development stage of our economy for the formation of an agricultural and industrial complex, but its creation and planned development are becoming a categoric necessity.

Frantisek Pitra continued by saying that, therefore, the concept of this complex does not represent merely a logical construction in the generally theoretical sense. Its classification as a specific sphere of the national economy is very important in terms of complex planning, balanced accounting of resources between individual sectors and securing their proportional development.

The purpose of creating an agricultural-industrial complex is to secure its optimal structure and function needed to provide for the complex agricultural requirements. This purpose must be served also gradually by closer economic production relations between individual components of the complex and by the corresponding coordination of their activities. The urgency of this solution is indicated by the findings of Soviet comrades and by the measures adopted at the May plenum of the CPSU Central Committee.

Under the conditions which exist in our country, the principles of the improved system of planning and management, which were approved at the Fourth Plenum of the Central Committee, have been adopted in the interest of more effective planning and production of foods in all branches which take care of

it and influence it. In harmony with the committee's conclusions, the plan of the agricultural-industrial complex has been approved as an organic component of the five-year plan.

The plan for the development of the branches of the economy which provide for the nutrition of the people under the Seventh Five-Year Plan has been worked out on the basis of rules of the improved system of agricultural management. And so practically for the first time the five-year plan was conceived, drafted, and provided for jointly by individual departments in terms of broader and more complex mutual relations of all the interested departments.

Under the exceptionally complex conditions of the processing of the five-year plan, successful efforts have been made to determine in a more complex way the material proportions between individual branches, proportions which are demanding with regard to all branches and all elements of the entire agricultural-industrial complex.

The plan of the agricultural-industrial complex is based on the conclusions of the 16th Congress and on its strategic goal of "gradually achieving self-sufficiency in the production of grains, and continuously increasing the overall self-sufficiency in the production of foods." That is the line of the congress, formulated in terms of the targets of the agricultural production dynamics as outlined in the "Main Trends." The results of 1981, above all the failure to fulfill the plan of gross agricultural production by 5.7 percent, including its deficit of as much as almost 14 percent in vegetable production, indicated serious deviations from that line. Together with new internal and external economic relations, where deficits could no longer be compensated for by imports from capitalist states, imports which are demanding in terms of foreign exchange, these results have created qualitatively new conditions for further development of agriculture.

That is why it was emphasized at the Fourth Plenum of the CPCZ Central Committee in October 1981 "that in order to provide for food consumption, we cannot keep increasing imports, but instead must strive energetically to develop our own agricultural production." That is why emphasis was placed again on the task of "developing animal production in harmony with actual fodder resources."

The plan for 1982, that is, the second year of the five-year plan, is based on several new facts. First of all, it is based on the fact that the growth of effectiveness and intensification of the economy started to lag behind the directives of the congress. Poor crops in agriculture, disproportions between animal and vegetable production, and the necessity to reduce imports of grains required that measures be taken in the production plan. A decrease of imports of fine fuels and energies, especially crude oil and some other raw materials, has forced us to deal much more drastically with the question of how to use them more economically. Conditions have deteriorated considerably for our exports to Western markets, and the same applies to the conditions of credit and payments.

Comrade Pitra also stated that in agriculture one can unquestionably make a positive evaluation of the exceptional effort and initiative of the people as well as of the high requirements by party, state, and economic management organs in handling the exceptionally complex situation. One must appreciate the work carried out in handling the tasks in the area of animal production since the beginning of the regulatory measures all the way to the present stage. The same applies to the high-quality implementation of work done in the spring and to the results achieved so far in the implementation of the demanding tasks of fuel savings.

Much work has been done to enforce the demanding line of the Fourth Plenum of the CPCZ Central Committee. But not everything was done successfully. We have many problems concerning this year's plan in the entire economy, and particularly in agriculture. The causes of many of them are of an objective nature, but some are also of a subjective character. In agriculture itself, bad weather only multiplies even the slightest failure at the level of organizational and management work.

The tasks of the agricultural-industrial complex during the Seventh Five-Year Plan ensue from the results obtained in 1981 and from the plan for this year. In contrast to the previous five-year plan period, gross agricultural production is to increase 5.2 percent, including 10.8 percent for vegetable production and 1.2 percent for animal production. The given production dynamics will make it possible to reach in the target year of 1985 a level of meat consumption per capita population amounting to 80.5 kilograms, which means basically the level of this year's plan. It will make it possible to increase roughly by 6 kilograms the consumption of milk and dairy products, to increase by one-half kilogram the consumption of butter, by 11 kilograms the consumption of vegetables, and also to increase somewhat the consumption of other types of foods.

He mentioned also that the key question is how to handle the disproportion between vegetable and animal production. That is unquestionably an exceptionally demanding task. The principal way of solving the problem is to give priority to the growth of all vegetable production and its stabilization. That is the only way we can replace the heavily reduced imports of fodder by domestic production and help to carry out other measures against imports, such as reducing imports of oleaginous crops, vegetables, and fruits, and strengthening our resources for exports of our traditional agricultural and food products.

The Production of Grains Is of Key Importance

From the viewpoint of substantive targets of the Seventh Five-Year Plan, the key task is to safeguard the production of grains. It is very important for the entire national economy to carry out the grain production plans. The prices of wheat on the foreign markets have increased from $55 per ton in 1970 to $170 and as much as $180 this year. At the same time, the conditions of grain imports are deteriorating continuously.

The five-year plan counts on an annual production of 11 million tons, which is 9.3 percent more than the actual figures of the previous five-year period.

The handling of the problem of grains is closely related to the demand of increasing the production of bulk fodder to 15 million tons computed in terms of hay. That is roughly one-third more than the average achieved during the Sixth Five-Year Plan. Since opportunities are limited for expanding the acreage of fodder plants on arable land, the intensity of their production must increase significantly, including the production intensity of grass.

Obviously, volume is not the only issue in the production of fodders. It is essential to increase the quality of the produced fodder. A significant reserve is represented by losses of weight and quality, which amount to 30-40 percent in the case of silage. Comrade Pitra also said that for that reason we must carry out those measures which would reduce such losses to an acceptable level. Agriculture, and the machine building and chemical industries must solve this problem. We expect the machine building industry to deliver to us the necessary amount of high-quality machinery, including machinery for work on slopes.

The chemical industry determines the degree to which the production losses of fodder will be minimized by fully taking care of the needs of agriculture in terms of preservation means.

Investment means in agriculture must also concentrate on the production of bulk fodder. With regard to the allocated means, one must give priority particularly to the construction of mechanical haylofts and silo space.

What is of great significance in the national economy, particularly in relation to the foreign-trade balance, is the handling of the planned tasks concerning technical crops, particularly sugar beet, which is also an important fodder crop. Its annual production should reach 7.8 million tons. That is roughly 10 percent more than in the Sixth Five-Year Plan period. It is also expected that we shall achieve a relatively high sugar content of 15 percent, which we believe to be particularly important.

Pitra pointed out that in order to achieve the planned results, farmers must first of all make full use of the biological potential of the existing stock of cattle. For both objective as well as subjective reasons, this stock is being utilized so far roughly at two-thirds. It is also necessary to increase the level of agrotechny and particularly nutrition, and to base it on a really scientific approach. One must be on the offensive in the struggle for reduction of losses. It is also necessary to intensify cooperation between sugar refineries and the growers of sugar beet. Sugar refineries must in their own interest help agricultural enterprises through their agronomic service to deal with professional and material problems related to the cultivation of sugar beet.

In harmony with nutritional programs and measures designed to reduce imports, it is expected that we will face demanding tasks with regard to vegetables and

fruits. In addition to the development of large-scale production, it is desirable that we safeguard effective use of small farmers' production. We must lead commercial organizations and the food-processing industry to become fully responsible for purchasing all crops, processing them economically, or delivering them fresh to the consumers as fast as possible.

Soil care is playing an irreplaceable role in the effort to bring about dynamic development and stability of vegetable production. In order to protect the soil more effectively, several significant measures have been adopted, including law amendments. We will strictly require that everyone observes the laws. However, it is not merely a question of soil, but a question of an entire complex of measures designed to increase the fertility of the soil.

We must certainly agree that it is necessary to keep increasing investments in the soil, to increase the extent of melioration work and irrigation. But we cannot be satisfied with a situation in which we would increase the fertility of the soil only by meliorations of the water system and of the agronomy. By doing this, we deal with a problem which affects tens of thousand hectares of land. But we must realize first of all that it is both possible and indispensable to maintain the fertility of the soil and to keep increasing it systematically on the remaining acreage, which amounts to more than 90 percent of agricultural land. This is precisely the area to which we have to orient the entire capacity of management personnel, in order to be able to achieve the maximum results with limited means. This means in practice that we must expand and increase the quality of recultivation work, return temporarily unused soil to agricultural use in a planned manner, apply well-conceived agrotechnical measures, and increase the percentage of soil on which organic fertilizers are used. However, we also need the help of the suppliers. In addition to deliveries of machinery for the treatment of soil, increases of the level of tools used for the toiling of soil, we are also concerned with the possibility of reducing the weight of the machinery which compresses the soil excessively and thereby deteriorates its structure. The rubber industry must also help to make improvements in this direction by producing tires which reduce the specific pressure on the soil.

Attention is Paid to Bulk Fodder

Comrade Pitra also paid attention to animal production. Its development during the Seventh Five-Year Plan is based on the objectives of maintaining meat consumption per capita at the level of the plan for this year and slightly increasing the consumption of milk, dairy products and eggs, while reducing the import of fodders to the minimum.

The basic prerequisite is to bring about a change in the structure of animal production in favor of raising horned cattle. Of course, this raising of horned cattle has to be developed first of all on the basis of bulk fodder. Economic use of concentrated fodder requires that we intensify further the regime of rational economic management of this type of fodder and utilize every opportunity to replace it with other sources of fodder supply. The quality of fodder mixtures must play a significant role in that respect. The Agricultural Supply and Bulk Buying VHJ [Economic Production Unit] has to

provide for their optimal composition within the framework of the given raw-material base. But the chemical and pharmaceutical industries are playing an irreplaceable role in that respect by delivering fodder supplements and providing biological factors.

In view of the key importance of the raising of horned cattle for the overall development of animal production, main attention must be paid to intensification of this branch of economy. In particular, we cannot be satisfied with the present level of increases of horned cattle in the fattening process. Of course, the growing trend of these increases cannot be based on increases of the portions of concentrated fodders, but on the use of high-quality fodder crops and on highly professional management of nutrition. In raising young horned cattle, one must utilize to an even greater extent organized grazing of pastures and expand cooperation between lowlands and mountainous areas. In this way, it will be possible to save feed in favor of milk production and raising of slaughter cattle, particularly in areas growing sugar beet and corn.

In the sector of animal production, it is also necessary to intensify the struggle against losses, which still continue to represent great reserves. Each time a farm animal dies or has to be killed, we must realize how much labor has been wasted and fodder used uselessly.

Active Approach of the Processing Plant Managers

When the priority task is to secure the nutrition of the people, one cannot fail to see that agriculture is an important supplier of raw material to certain branches of the consumer goods industry, branches which cannot operate without getting such supplies. For example, 56,500 tons of hides from cattle are to be delivered in 1985. The tasks in the area of deliveries of pigskin and furs are also significant. For the pharmaceutical industry, the matter of primary importance is procurement of deliveries of poppy seeds and extraction of glands of slaughter animals. For the textile industry, deliveries of 4,600 tons of sheep wool and good-quality flax stalk are indispensable.

Agricultural and processing enterprises must pay more attention than before to all these tasks, because measures designed to take care of them are important protective measures against imports and consequently are significant for the entire society. On the other hand, consumer branches of the economy cannot depend on an administrative allocation of the deliveries, but must themselves participate actively in obtaining these supplies through direct negotiations and signing of contracts with agricultural and food-processing enterprises.

The tasks outlined in the Seventh Five-Year Plan for the food processing industry are a continuation of measures designed to ensure the raw-material base in agriculture, and their implementation will depend to a great extent on the results of agricultural production, because one cannot count on special imports of raw materials outside of the plan. This puts an even greater emphasis on the mutual close relationship of both basic branches of the

agricultural and food-processing complex. It makes their cooperation even more necessary, and in particular it makes it necessary for the processing industry to participate directly in procurement of raw materials.

Important Role of Food Producers

Frantisek Pitra dedicated a large part of his speech to questions concerning food production. The plan instructs the food-processing industry to increase its production by 1985 to Kcs 103 billion, that is, 6.5 percent as compared to 1980. Deliveries to the marketing funds at retail prices are to increase to Kcs 122.6 billion, which represents a 7.8 percent increase during the five-year plan. This task can be taken care of, on condition that the material and financial value of raw materials contained in food products is increased substantially.

In the first place, in order to increase the value of raw materials and take better care of consumer demands, and in the interest of avoiding waste of foods, it will be necessary to innovate the assortment, increase the quality, prolong the durability of food products and rationalize the way in which food reaches the consumers so as to avoid losses in the handling, storage and distribution of foods. This requires new measures, starting with a test of raw-material consumption norms, utilization of the sources of raw material and search for new technological production processes in the food industry, and a clear improvement of the care for foods in the distribution network. And so this applies not only to the processing establishments, but also to commerce, consumer cooperatives and national committees.

Of course, some of these measures cannot be taken without active participation of the suppliers of the agricultural and industrial complex. The fact is that so far the process of innovating food products has been taking place at lower innovation levels. It is true that programs for the manufacture of some progressive products have been prepared, but their implementation encounters serious problems in the technological and material technical areas.

Science Helping To Increase Intensity of Food Production

As emphasized by Comrade Pitra, the scientific research base, which represents a considerable force, holds an irreplaceable place in safeguarding the development of food production and nutrition during the Seventh Five-Year Plan. Within the framework of the agricultural and food-processing complex, 17,000 workers are engaged in scientific research, and during the five-year plan the scientific research organizations will have at their disposal noninvestment means amounting to Kcs 2.6 billion. The idea is to make sure that these forces and means help to the maximum extent to bring about further transition from extensive to intensive production of foods, to make better use of all production facilities in agriculture, to make rational use of all the resources, to bring about desirable changes in the production structure and in product innovation, to minimize investment requirements, especially to reduce imports from nonsocialist countries, and to bring about an overall growth of efficiency and quality of labor in the agricultural-industrial complex.

In a situation when most of the invested resources come to agriculture from other branches of the agricultural-industrial complex, the application of scientific and technical findings in this branch is objectively a matter of concern for the entire society. Science is penetrating agriculture through all the material elements of the production forces. It is becoming an inseparable component of increasingly more advanced machines, industrial products and chemicals. This means great collective responsibility of industry in the entire food-production process. It also means responsibility of its research and development base.

While demanding tasks are being taken care of in agriculture, requirements in terms of organization of services are increasing systematically. Their scope has expanded considerably in the last years. Their production base has become stronger, and research institutes have been integrated in certain service organizations.

In spite of that, there have been some complaints, especially concerning the quality of, and charges for, the given services. The criticism concerns the fact that in some cases the service organizations place the interests of their own enterprises above the viewpoints of the entire society and the needs of agricultural enterprises. One of the reasons for it is the fact that in the management, specialization and activities of individual services there has been no appropriate reaction thus far to the changed tasks of agriculture and to the internal and external economic conditions.

Close Relationship With Primary Production

We consider it indispensable that the enterprises of biological, technical and economic services, acting jointly with ministries, should make a critical evaluation of their previous activities in relation to the results of agricultural production and food processing in which they take part. It is absolutely necessary to bring about a close relationship of services with primary production. The way to do it is to make service organizations and their workers directly interested in the results of primary production, to introduce guarantees for the quality and timely rendering of services.

Service organizations in the sector of vegetable production have been assigned particularly demanding tasks. The Oseva and Slovosivo organizations must provide an adequate amount of seeds and seedlings of the necessary quality and of the most progressive varieties.

The cattle-breeding and veterinary service must concentrate on keeping animals in good health and on controlling their reproduction process more purposefully and in a more conceptual way. It must help more effectively in dealing with problems in this sector of our agricultural practice.

Machine and tractor stations, the Central Enterprise for Agricultural Engineering, and Agrotechnika will have to reevaluate the narrow specialization of repair shops and trade centers. Under the present conditions of fuel management, we must react to these problems promptly and practically.

We require that the Agricultural Procurement and Bulk Buying branch enterprise, acting in cooperation with the Mills and Bakeries and Breweries and Malthouses specialized service organizations, organize each year harvesting of selected crops of grains for use by the food-processing industry, and that they provide for their differenciated care and separate storage based on quality analyses. They will have to pay more attention to the control of storage and treatment of all harvested grains in the warehouses of the Agricultural Procurement and Bulk Buying of agricultural enterprises.

Contribution of Other Branches

Frantisek Pitra stated that the process of intensification of proportionality of relations between individual branches, of the technical level and quality of the delivered production means, is the basic prerequisite for further continued increase of food production. To use the words of L. I. Breshnev at the recent session of the CPSU Central Committee, this requires "more fundamental orientation of all branches of the national economy to the handling of problems related to the further development of agricultural production and the development of the entire agricultural-industrial complex."

One cannot take care of the demanding tasks of the contemporary stage without close cooperation of all participating partners. At the same time, we are aware that there exist many shortcomings in the mutual cooperation of this economic production system, shortcomings which have to be promptly eliminated in the interest of a harmonious development of branches which provide for the nutrition of the people.

If we take into consideration the fact that agriculture is greatly dependent on natural and climatic conditions, the biological character of its production related to seasonal changes, it is necessary that all branches of the complex function in the rhythm required by agriculture, and that they satisfy its needs to the maximum.

Machine building departments are among the most important partners of the economic branch of agriculture and nutrition. The intensity and effectiveness of the development of agriculture depend on the deliveries of technological equipment, transportation means, their volume, and their technical and quality level.

Machinery in Enterprises Has To Be Reconditioned

An analysis of the structure of mechanization means indicates that the average age of machinery and tractors has increased to more than 8.5 years. This results in increasingly higher consumption of spare parts and inefficient use of machine building and repair facilities, and at the same time in increasing costs per unit of agricultural production.

In order to improve the situation in this sector, it will be absolutely necessary that the procurement branches pay more attention to determining standards for the service life of machinery and technically justified norms

for the consumption of spare parts, fuels and energies, in addition to taking care of the increase of quantity, quality and improvement of the desirable structure of investments in machinery. This will unquestionably help to improve the control of the reproduction rate of the machinery, reduce the consumption of spare parts and, last but not least, also save fuels.

The technical and production base of the food-processing industry is also unsatisfactory. The continuous increase of food production in the past years resulted in an overloading of production facilities, which had a negative effect not only on the quality of the products, but also on the effectiveness of the production process, including considerable losses of raw materials.

The overall mutual relations between the department of agriculture and nutrition and the department of general engineering are taken care of by the Seventh Five-Year Plan in the sector of investment deliveries in terms of the total volumes of deliveries and balance accounts of key transportation means, tractors and some other mechanisms, and after that by specific deliveries of machinery and equipment arranged by agreements between individual departments.

We appreciate the fact that in harmony with the 13th Plenum, there will be a certain improvement in the deliveries of machinery during the remaining years of the Seventh Five-Year Plan, particularly machinery used for the tilling of soil and sowing, and for the production of fodder. Deliveries of plows, sowing machines for grains and sugar beet, fodder heaping and turning machines should gradually take care of our needs. We expect the machine building industry to take steps to make sure that the Czechoslovak agriculture speedily obtain machinery for the tilling of soil and sowing which corresponds to the needs and growing requirements in terms of quality of these operations and the contemporary technology in the world. Steps have been taken to take care of the need for 10,000 special-purpose agricultural motor vehicles, even though not according to the originally required structure. On the other hand, one must say openly that we did not succeed entirely to include in the plan all the programs prescribed by the 13th Plenum of the CPCZ Central Committee in this sector.

The quality and the technical economic level of the deliveries of production means and other production factors to the agricultural and food-processing complex also depend on the level of scientific technical development in the procurement branches of the economy. Our industry has a sufficiently large and advanced scientific research base to deal successfully with both accumulated and newly obtained scientific technical discoveries. The same applies to agriculture and the food-processing industry. In terms of effectiveness of the work of this scientific research base, there exist reserves in closer cooperation in dealing with current tasks and development assignments.

Cooperation With CEMA Countries Should Be Expanded

The department of metallurgy and heavy engineering is a significant supplier of machinery and technological equipment for the agricultural and food-processing complex. It provides roughly one-quarter of the machinery and

technological sets for the food-processing industry. The Federal Ministry of General Engineering provides the remainder from imports and within the framework of machine building production of the Ministry of Agriculture and Food. It is certain that we cannot produce domestically almost 7,000 different types of machinery and equipment. Nor can we keep importing them from nonsocialist countries. That is why it is necessary to evaluate possible ways of increasing domestic production and to reach an agreement on expanding the production of food-processing machinery within the framework of the CEMA countries. In this respect, we welcome the initiative of the Blanicke Machine Works in Vlasim to expand the production of packing machines (even though, on the other hand, we must state that these machine works have taken care of roughly one-quarter of the requirements during the Sixth Five-Year Plan). During the forthcoming period, comrades from other enterprises and economic production units could also make similar efforts to expand production.

For the forthcoming years, units under the jurisdiction of the Federal Ministry of Metallurgy and Heavy Engineering are taking care of important tasks of the state plan in the area of building selected manufacturing establishments of the food-processing industry, technological installations for the development of grain-processing facilities and plants for the production of fodder mixtures, postharvest production lines, and certain constructions under the protein production program. We consider it particularly important to provide in every respect for the tasks of the irrigation program. Since the program has been reduced as compared to the original proposal, we must not allow the program to fail for any reason.

If the situation is to be improved in the sector of material used for containers, it is necessary first of all to increase in the forthcoming period the production capacity of hard PVC foils, paper and container glass. Also, we have to solve the problem of inadequate production capacity of aluminum foils within the framework of cooperation of CEMA member states, and also deal with the problem of small-tonnage chemical industry within the framework of CEMA specialization.

Chemical Preparations for Nutrition

The chemical and pharmaceutical industries hold an important place in the development of agricultural production. Their products form the basis of the intensification programs of agricultural enterprises. This concerns particularly industrial fertilizers, agricultural chemicals, conservation means, drugs, biological factors, fodder additives, artificial sweeteners in the food-processing industry, and other products. The demand is not satisfied in any of these areas, either in terms of quantity or assortment.

In the case of industrial fertilizers, it is indispensable from the viewpoint of the forthcoming period that we primarily concentrate our efforts on increasing the share of saltpeter.

Chemical protection of agriculture in the CSSR is provided to a great extent by importing pesticides, mostly from nonsocialist countries, and at the same

time the requirements of agriculture are covered 70 percent at present. And so the urgent task of the chemical industry is to develop its own production of pesticides and to bring about a division of labor within the framework of the CEMA countries.

Larger deliveries coming from the chemical industry to protect plants would make it possible to increase the production and quality of agricultural products. If we succeeded, for example, in preventing the spreading of weeds affecting grain crops and diseases caused by pests, the volume of the grain harvest would increase 1.3 million tons annually. Optimal use of means delivered to agriculture must also be combined with a high level of the work done by our agrochemical enterprises and enterprises run by other services.

In the interest of the present and future development of animal production, it is absolutely necessary to use preparations of a biochemical and chemical nature, in addition to providing basic components used in fodder mixtures. These preparations are specific substances used for animal nutrition in the form of supplements of biological factors, medicated fodder preparations, and veterinary medications.

The conditions of socialist large-scale animal production, high concentrations of animals also make increased demands, among other things, in terms of health protection of the animals. In addition to the actual veterinary service, there is the additional factor of the manufacture of drugs, veterinary biological preparations, aids for testing and treatment, and other needs. Comrade Pitra also said that if we take into consideration the fact that care for the health of farm animals also provides conditions for the production of good-quality foods and raw material and at the same time has a positive effect on the health of the people, there is a significant increase of the social significance of the function of industrial branches manufacturing drugs, biological preparations, and other necessary products.

Cooperative Relations With Industry

He also noted that just as we require that the procurement branches have an active attitude to the handling of the tasks of agriculture and the food-processing industry and that they consider themselves jointly responsible for the implementation of their tasks, the organizations of the agricultural and food-processing complex must also find a new attitude toward the enterprises of other departments which participate in providing nutrition. The present relations, which are basically only relations between suppliers and buyers, must develop into mutual cooperation. It is necessary to purposefully create mutual cooperative relations in the process of securing production means, particularly between agriculture and the machine building industry. In addition to STS [machine tractor stations], it is necessary to include also in this cooperation the associated production of the JZD [united agricultural cooperatives]. It is also realistic to consider greater assistance to industrial branches by agriculture, which can provide labor force during the period of vegetative rest in agriculture.

Finally, a new attitude of agricultural and food-processing enterprises to their partners in the agricultural-industrial complex must also manifest itself in rational economic management of all material technical means. These enterprises shall utilize them and increase their value to a high level.

Efforts to deal with problems of nutrition and to increase our self-sufficiency in the production of foods, as stipulated by the 16th CPCZ Congress and worked out at the Fourth Plenum of the CPCZ Central Committee, require not only that agriculture and the food-processing industry be gradually converted internally and adapted to the socioeconomic requirements of the present stage, but that all the branches which participate in the production of foods and agricultural raw materials concentrate on this task in a coordinated manner. The preparation and adoption of the joint state plan for the development of those branches of the economy which provide for the nutrition of the people during the Seventh Five-Year Plan are merely the first steps in that direction. The question now is how to apply the new approaches in practice.

The framework for the gradual creation of the agricultural-industrial complex has been created by accepting the improved system of the planned management of agriculture, which basically also contains the principles of planning of the agricultural-industrial complex as an integrated system tending to intensify the system of balance accounts between individual branches in the preparation of the national economic plan in this area. That will make it possible to uncover and deal more consistently with bottlenecks in the entire reproduction process of the production of foods and agricultural raw materials, bottlenecks which continue to exist in the relations between individual branches.

Target Program Control

It is necessary to study very carefully the Soviet ways of approaching the process of taking care of the reproduction process of the manufacture of foods and of people's nutrition, particularly after the recent session of the CPSU Central Committee. These ways are based on qualitatively higher methods of approach to prognostication of the scientific-technical and economic development and to the midterm planning and operational planning in the area of relations between individual branches and to the process of enforcing the necessary rates of speed of intensification and innovation programs. One of the most significant reserves in the area of improvements of food production management is complex systemic handling of individual problems of the development of agricultural production in reference to their harmonization and combination in time and space. Target program control is precisely what is becoming a tool of this improvement process. In harmony with long-term development trends, it makes it possible to control in a planned manner complex interdisciplinary problems between individual professional fields and problems between individual branches of the economy concerning the development of food production through unity of the technical factors of production, economic and sociopolitical factors.

Work has already started on applying the target program control of food production and on the ways to provide for rational nutrition under the conditions of production and economy which exist in our country. Responsible central management organs of agriculture and nutrition, acting jointly with procurement branches and the scientific front, will have to work out speedily the substantive and content framework, the inner structure, and the timing of the target program of food production on the scale of the entire society. We will have to pay great attention and give careful thought to the inner structure of this target program and its subprograms. I do not want to speak before specific proposals are made, but the present trends and conditions, as well as the expected innovating facilities, and also our shortcomings, have made it possible to indicate the basic structure of these programs. They will unquestionably include problems of intensive utilization and complex fertilization of the soil. A coordinating program of "biologization" and chemization of the agricultural and food-processing complex, including biotechnological innovations, a program of complex mechanical and technical, technological safeguarding of food production, a rationalization program of the consumption and utilization of fuels and energy. In the same way, it is necessary to work out target programs of intensive development of the main production branches of vegetable and animal production.

In closing his statment, Frantisek Pitra pointed out that the agricultural and food-processing complex represents a system of mutually interrelated branches of our national economy, a system which has the target function of taking care of the needs of people's nutrition and of the needs for agricultural raw materials. When the plan of the agricultural-industrial complex is approved, this system becomes the objective of planned socialist control. The Central Committee expects that in particular the management workers of the entire complex of branches handling people's nutrition in the national economy will provide for harmonious functioning in the entire complex in a demanding manner, consistently, and with the sense of awareness of its exceptional political priority, so as to take full care of the prescribed tasks of the five-year plan.

The exceptionally demanding nature of their task, coupled with the categoric requirement to carry out the tasks planned for this year and thereby create the basic prerequisites for a renewal of agricultural production dynamics, combined with the limitations of material inputs, merely emphasizes the role of the human factor. We must strengthen this role by using all the instruments of management work. The use of khozraschet accounting within enterprises and the counterplanning method must play a particularly significant role in this respect. It is necessary to intensify in all elements of the agricultural-industrial complex the political work and economic propaganda conducted on a mass scale, the purpose of which is to make the working people understand the tasks we are dealing with as well as their place and responsibility in the process of taking care of the collective goal, that is, of the needs of the people's nutrition.

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AGRICULTURAL AUTOMATION PROGRAM OUTLINED FOR 1981-1985

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[Article by Dr Pavol Kubas, CSc, Sectoral Enterprise for Rationalization of Management in Agriculture and Food: "Program of Management Rationalization in the SSR Sector of Agriculture and Food During the Seventh Five-Year Plan"]

[Text] In accordance with the main directions of economic and social development of our society during the 1981-1985 period, which were approved by the 16th CPCZ Congress and CPSL Congress, special attention must be paid [words missing] to substantially more efficiency of our economy. Attention must be primarily focused on planning, analyses and application of the intraenterprise khozraschot. Management must be made more effective by the reduction of paper work, application of appropriate econo-mathematical and statistical methods, and use of available computers, transmission equipment and organizational techniques.

The Program of Management Rationalization in the SSR Sector of Agriculture and Food during 1981-1985 has been designed accordingly. This program is based on practical application and results of research on automated control systems (ASR) in the agriculture and food industry during the Sixth Five-Year Plan.

In accordance with this program, management should be made more effective at individual organizational levels of the management hierarchy in agriculture as well as in individual VHJ [economic production units] in the area of services and processing industry.

The rationalization goals in agricultural primary production enterprises in 1982 are listed in Table 1.

The first stage of the project for the automated system of management of the agricultural enterprise was completed during the Sixth Five-Year Plan. The project contains 15 interlinked subsystems (capital assets; labor force; supplies; animals; accounting and production; plan of plant nutrition; plans of plant protection; biological control of products; plans of feeding; production-financial plan; analyses; planning of seasonal work by means of CPM [expansion unknown] method; data bank on norms and okres dispatching). The first five subsystems (capital assets; labor force; supplies; animals;

Table 1. Plan of Application in Agricultural Primary Production Enterprises for 1982

Kraj	(5) Počet JRD-ŠM	(6) Základné prostriedky		(7) Zvieratá		(8) Zásoby		(9) Pracovné sily		(10) Účtovníctvo a výroba		(11) Kombajny na ŠM	
		S	P	S	P	S	P	S	P	S	P	S	P
(1) Západoslovenský	241/26	246/28	247/28	130/12	145/18	130/13	185/18	128/11	186/15	150/11	185/13	86/5	145/13
(2) Stredoslovenský	176/20	176/20	178/20	77/11	105/13	77/11	105/13	64/12	105/13	60/10	85/10	—	46/5
(3) Východoslovenský	211/18	211/18	211/18	135/18	138/13	86/9	117/14	56/7	113/13	30/4	75/9	—	18/3
(4) Spolu v SSR	636/64	633/64	636/64	342/41	441/44	328/33	410/45	248/30	404/41	234/27	305/32	86/5	231/20

(20) Pokračovanie tabuľky 1

Kraj	(5) Počet JRD-ŠM	(12) Plán výživy rastlín		(13) Operatívne riadenie výroby obilnín		(14) Bilancia krmív		(15) Plán výživy zvierat		(16) Plánovanie poľnohospodárskych prác metódou CPM		(17) Optimalizácia plánu poľnohospodárskej výroby (S II A)		(18) Výpočet štruktúry strojového a traktorového parku		(19) Denné, mesačné využitie traktorov a samohybných strojov	
		S	P	S	P	S	P	S	P	S	P	S	P	S	P	S	P
(1) Západoslovenský	241/26	204/21	241/28	18	26	—	—	33/4	106/13	—	26/4	22/3	41/3	—	51/1	—	71/3
(2) Stredoslovenský	176/20	145/13	126/20	1/1	12	—	—	27/3	65/15	11/1	30/1	26/3	26/3	—	18/2	—	46/5
(3) Východoslovenský	211/18	211/19	211/18	—	18	28/3	31/4	—	86/9	—	17/2	—	—	—	18/2	—	35/4
(4) Spolu v SSR	636/64	560/54	636/64	19/1	68	28/3	31/4	61/7	257/38	11/1	83/7	88/8	88/8	—	87/5	—	154/12

Explanation: S = reality as of 1 November 1981 P = plan for 1982

Key:

1. West Slovakia
2. Central Slovakia
3. East Slovakia
4. SSR, Total
5. Number of
6. Capital assets
7. Animals
8. Supplies
9. Labor force
10. Accounting and production
11. Analyses from state power inspectorate
12. Plan of plant nutrition
13. Operative management of grain production
14. Fodder supply
15. Plan of animal nutrition
16. Planning of agricultural work by CPM method
17. Optimization of plan of agricultural production (S II A)
18. Calculation of structure of machinery and tractor fleet
19. Daily, monthly use of tractors and self-propelled machinery
20. Continuation of Table 1

accounting and production) together with the application of a suitable form of financial incentives make possible the introduction of the complete intra-enterprise khozraschot.

It is presumed that, in cooperation with the okres agricultural administrations and agricultural enterprises, it will be possible to extend automated socioeconomic data processing over a larger area during the 1982-1985 period as the basis for the application and introduction of intraenterprise khozraschet. The sectoral enterprise for management rationalization has a realistic possibility of creating technical conditions by 1985 for introduction of intraenterprise khozraschet in all unified agricultural cooperatives (JRD) and state farms (SM) of the West Slovakia kraj and in the overwhelming majority of agricultural enterprises of the Central Slovakia and East Slovakia krajs. In processing socioeconomic data we shall attempt to process results for individual okreses comprehensively--that is, for all enterprises--so that these can serve as the basis for compiling sets of data for the need of OPS [okres agricultural administrations] management particularly in regard to rational control of inventories, capital assets, labor force and so on.

The effect of automated data processing in the sector will become apparent only when we succeed in integrating the processing among individual levels of the management hierarchy. For this reason, further development of socioeconomic data will call for the establishment of so-called multilevel automated systems of management. The central idea of multilevel ASR is the formation of the uniform system with the common data bank, which contains information extracted from the original records of the agricultural enterprises. Through selection, aggregation and derivation it is possible to set up information systems for individual management levels.

The first such area is the completion of the ASR subsystem capital assets from agricultural enterprises all the way up to the ministry. This subsystem is based on the original records of agricultural enterprises and provides exhaustive information for control over investment policy at all management levels. Apart from a substantial reduction of paper work, it provides more extensive information on capital assets than the existing records.

In addition to the more comprehensive and intensive processing of socioeconomic data of agricultural enterprises during the Seventh Five-Year Plan, the main emphasis will be the application of additional ASR subsystems on agricultural enterprises. Attention will focus on the optimization of plans for fertilization, feed allowances, use of tractors and machinery, application of norms of energy consumption, material and wage costs and so on. We shall concentrate on the optimization or minimization of production resources ensuring a satisfactory fulfillment of tasks set by the state plan for the 1982-1985 period.

The simultaneous solution and processing of partial ASR subsystems of the agricultural enterprises anticipate providing information at monthly intervals. Agricultural workers, however, demand information at shorter intervals in order to be able to use it in operation. This demand will be met during the second stage of ASR of the agricultural enterprise, which is the subject

of research during the Seventh Five-Year Plan. Partial results from this will be applied already during the 1984-1985 period.

In connection with the demands for the design and use of computers in the operation of agricultural enterprises, we anticipate the verification of potential use of small automatic computers, which could be located in cooperative associations, big agricultural enterprises, agrochemical enterprises and so on. Small computers in the enterprises will particularly solve optimization in the decisionmaking process, processing small sets of data on the daily basis or at 10-day intervals, breeding control, communication with the okres or kraj computers, including the preparation and organization of data transmission. The manufacture of small computers, however, has been considerably delayed; consequently the development of necessary programs is postponed. Their practical application and use in agricultural enterprises cannot be expected before 1984 or 1985.

In the organs of agricultural administration (OPS [okres agricultural administration], KPS [kraj agricultural administration], MPV SSR [SSR Ministry of Agriculture and Food]), the rationalization of management will focus on more effective planning and analyses as well as on the necessary integration of information systems in the sector.

Table 2 lists the tasks in management rationalization at the level of okres and kraj agricultural administrations for 1982. Future goals will be more accurately defined in accordance with results from practical application and in the development of new projects and programs.

The development of new projects and innovation with existing projects will aim at reducing paper work, providing more comprehensive information, eliminating duplication of records and shortening the deadlines for data processing because the present information system in the sector is already extensive. It no longer meets the requirement for effective management of the sector because it was essentially developed 20 years ago, when the increases in agricultural production were achieved primarily by the use of extensive growth factors. Moreover, fundamental changes took place in the organization of the material-technical basis, and the organizational and economic conditions under which the reproduction process in the sector occurs have changed.

Individual departments of MPV SSR will undoubtedly play the key role in the rationalization of management and innovation of the information system in the sector. During 1982 and subsequently, the work will continue on the processing of sectoral records and analyses; evaluation of JRD and SM, which have been lagging over a long period; calculation of the renewal of the herd and beef and pork production; processing of records on consumption of grain fodder; providing information from the central data bank; and so on.

The development of new projects for the needs of the center will concentrate on intensification and standardization of analyses of the course of the reproduction process, utilization of individual types of energy, follow-up of the trend in efficiency of agricultural production, simplification and

Table 2. Plan of Application of Automated Systems at Okres and Kraj Agricultural Administrations for 1982

Automated Systems	Number of okreses in West Slovakia Krajs S	P	Central Slovakia Krajs S	P	East Slovakia Krajs S	P	SSR Total S	P
Summation of accounting records and analyses	11	11	2	13	12	12	25	36
Optimization of planned agricultural production (S II A)	2	11	2	13	--	12	4	36
Fodder supply	--	3	--	2	--	2	--	7
Analysis of grain fodder consumption	--	11	--	13	12	12	12	36
Evaluation of standards of agricultural enterprises' management	--	11	--	13	12	12	12	36
Check on the fulfillment of ZV [animal production] plan	9	11	13	13	12	12	34	36
Check of tractors' use	3	7	3	3	12	12	18	22
Use and cost of drying plants	--	--	--	--	12	12	12	12
Analysis of capital assets	11	11	13	13	12	12	36	36
Management of transfers of harvesting equipment	3	5	2	2	4	4	9	11
Check on compliance with financial indicators	--	--	--	--	12	12	12	12
Biological inventory of grain crops	5	11	--	--	--	--	5	11
Dispatching of seasonal field work	2	4	--	1	--	1	2	6
Calculation of structure of machinery and tractor fleet	--	2	--	1	--	1	--	4
Planning of agricultural work by means of CPM method	--	2	1	2	--	1	1	5

Explanation: S = reality as of 1 November 1981 P = plan for 1982

standardization of records and analyses, shortening of the deadlines for data processing, achieving a higher degree of interlinking and integration in the information system while following the fundamental goal--to reduce the amount of paper work connected with the management of the reproduction process in the agricultural and food sector.

Special attention must be paid to the improvement of the planning mechanism in order to make it more efficient. Planning must become a continuous process at individual management levels. An integral part of this work should become a more intensive use of appropriate economic-mathematical models and computers. This will enable obtaining, at frequent intervals, the calculations of several plan variants even if initial prerequisites of material procurement and requirements of the state plan change. Part of the planning activity must also be the formulation and verification of suitable standards as the basic prerequisite for objectification of the plan and its material implementation.

The use of models allows applying, on a much larger scale, the principles of counterplanning along the entire management hierarchy, for which substantially more room has been provided by the introduction of new rules for improvement of planning in agriculture. The principles of counterplanning, their proper organization and application in the drawing of the plan--primarily in the enterprises of primary agricultural production--will significantly mobilize enterprise production resources.

In the economic production units of service organizations, the program for management rationalization in the SSR agricultural and food sector for the 1981-1985 period assumes processing socioeconomic data on a larger scale; this should form the basis for the application of principles of intraenterprise khozraschot. These organizations pay special attention to the construction of automated information systems for their specific operations.

In the food industry, attention will focus on further extension of those ASR subsystems on which research was completed during the Sixth Five-Year Plan. They provide primarily socioeconomic information on sales, production and procurement, management of capital assets and so on. Research and development during the 1982-1985 period will focus on operational problems of food production with the use of small computers of the SMEP series.

The implementation of the program for management rationalization in the SSR agricultural and food sector during the 1981-1985 period will affect the work of entire management personnel--from the warehouse managers, foremen, agronomists, zoo technicians, mechanizers, economists, chairmen and managers of agricultural enterprises to the heads of intermediate levels of management and individual departments of the central organ--because we must teach the management apparatus to use computers rationally and to use the potential of mathematical methods and model techniques. We must arrive at the situation where the management apparatus will see in the innovation elements of management not criticism of their existing method of work but the logical outcome of the present scientific-technological revolution, which unquestionably affects the process of management.

The accomplishment of tasks set by the program of rationalization of management in the SSR agricultural and food sector during the 1981-1985 period also requires considerable investment. If these investments are to be recovered rapidly, it will be necessary, apart from cutting paper work in management by means of computers, to emphasize their use also in uncovering reserves in production, on optimum utilization of production resources and on more efficient production. For these reasons, computers must be used primarily in these areas during the Seventh Five-Year Plan. This will require considerable organization and training at all levels of management. The measure of success in meeting this fundamental requirement will answer the question whether modern and rather expensive computer equipment fulfills the basic mission in management that our society expects of it.

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DEMOCRATIC PEASANT PARTY PUBLISHES 11TH CONGRESS MATERIALS

Mecklenburg Delivers Report

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[Central Executive Committee report delivered by Ernst Mecklenburg, newly elected chairman, to 11th Congress of Democratic Peasant Party of Germany (DBD), held in Suhl, 5-7 May 82. Omitted portion of report deals with international affairs]

[Excerpts] Dear Colleagues! Honored Guests!

The 5 years since our 10th party congress have been years of successful, creative work for socialism and peace.

Those have been years in which our socialist fatherland, the GDR, grew stronger in every way along the SED's tried and tested course. And every citizen perceives we have made good headway.

Guided by unshakable trust in the SED's prudent and circumspect domestic and foreign policy, our members have helped, with rich initiatives, make our country, a firm component of the socialist community of states, steadily gain in efficiency so it could stabilize its position as a solid cornerstone of peace in Europe.

These were years in which the international balance of power changed further in favor of real socialism and peace.

Our party, the DBD, through the great diligence and prudent ideas of its members, has made an important contribution to the continued shaping of the developed socialist society in our country.

We have every good reason to state, not without pride, at our 11th party congress: The DBD has in honors lived up to its shared social responsibility to the all-round strengthening of our socialist fatherland. For their indefatigable efforts and creativeness on behalf of the noble cause of socialism and peace, we express our most sincerely gratitude to all our members from this rostrum of our party's highest forum.

Our 11th party congress is taking place at a time that is marked by a millionfold initiative and the driven resolution by the working people in town and countryside to fulfil the historic resolutions of the 10th SED Congress. In this effort, the DBD members, alongside and under the leadership of our country's communists, also stand in the forefront.

Ever since it came into being, the DBD has recognized the leadership role of the workers class and its Marxist-Leninist party.

The DBD has beeen able to fulfil its duty in the 34 years since its founding because it firmly accepted the hand the Marxist-Leninist working class party had stretched out to it.

Our party turned into a respected social force which in every phase has made its creative contribution to the development of our workers and farmers state. We shall always be loyal to this unshakable principle of our policy.

The DBD is a political force that acts under, and helps shape, socialism and which, proceeding from its overall social coresponsibility, makes a contribution of its own, through the efforts of its members, to strengthening the positions of real socialism and peace.

The DBD, in alliance with the workers class and under the leadership of its party, and together with all forces united in the Democratic Block and the National Front of the GDR, will be a responsible coshaper of the developed socialist society in our country and in the struggle for the safeguarding of peace.

In view of the threat to peace by the most aggressive imperialist circles, we will do what we can for the secure protection of our socialist accomplishments.

We shall more broadly still spread the potentials of our membership so that the resolutions of the 12th Peasant Congress of the GDR will be implemented rapidly and comprehensively.

In these days this year, when progressive mankind is celebrating the 65th anniversary of the Great Socialist October Revolution and the 60th anniversary of the founding of the USSR, the advantages of real socialism have become most pronounced.

The crimes and ills of imperialism also are becoming more apparent than ever. Never has world peace been threatened as seriously as today, due to the most aggressive circles of imperialism, especially the United States and its NATO allies.

A few days prior to the 37th anniversary of our people's liberation from Hitler fascism by the glorious Soviet Army, we have a special need to sincerely thank once again the Soviet Union, the strongest force of socialism and of peace, for its great act of liberation and for the steady selfless all-round aid Lenin's land has been giving our socialist homeland.

We shall always remember the 20 million sacrificed by the Soviet Union, which also led to our liberation.

Nor will the coming generations forget the heroic deeds of the Red Army fighters who, with ths symbols of peaceful labor imprinted on their banners, brought our people the start of a new era.

Friendship with the Soviet Union will always speak to the heart of DBD members. It conforms with their longtime experience: He who is allied with the Soviet Union, belongs among the victors in history.

The 10th SED Congress was truly of historic importance to the life of our people, a new milestone on the successful tracks of socialism/communism.

The report submitted by Comrade Erich Honecker, secretary general of the SED Central Committee, explains with theoretical vision and relevance the tasks and goals in the struggle for the continued all-round strengthening of our socialist fatherland, the well-being and happiness of the people and the safeguarding of peace.

Our party chairman, colleague Ernst Goldenbaum, announced at the 11th session of our central executive committee: "Also for all DBD members, the resolutions of the 10th SED Congress are the campaign program for the 1980's."

The SED, the conscious and organized vanguard of the workers class, equipped with the invincible world-transforming doctrine of Marxism-Leninism, lends direction and purpose to the creativeness of our people. It fosters and awakens its initiative and energy for the continued shaping of the developed socialist society and for taking part in solving the vital problems of humanity.

Through the 10th party congress resolutions, the leading force in our socialist society carries on smoothly the tried and tested policy of the eighth and ninth party congresses under the new requirements of the 1980's. This means more impressive evidence for how the SED creatively applies the inevitabilities of the socialist revolution and of socialist construction to the concrete conditions in the GDR.

Today, on 5 May, the greatest son of the German people, the ingenious founder of scientific communism and the outstanding leader of the German and the international workers class, Karl Marx, has his 164th birthday. Each of us can attest to how the doctrine of Marx, Engels and Lenin works as a reliable compass for revolutionary change in the world.

Comrade Erich Honecker, at the 10th SED Congress and at the most recent SED Central Committee conference with the kreis first secretaries, described the parties that are friendly with the SED as responsible fellow-combatants. He asserted this cooperation would stand up with long-range prospects.

Comradely discussions between Comrade Erich Honecker and the chairmen of friendly parties and the president of the National Council of the National Front of the GDR, and confident talks between the leading functionaries of the SED and of the friendly parties in the Democratic Block and the National Front of the GDR in the bezirks, kreises and communities, where all important domestic and foreign policy problems come under discussion, characterize this higher level of our political cooperation.

We know in the further course of the socialist revolution the leadership role of the workers class and its revolutionary party is objectively going to grow in all domains of public life, it being the most significant inevitability in socialist and communist construction.

We know this also places higher demands on the shared social responsibility of the DBD.

Our members highly appreciate the support our party receives on all levels from the SED. Such confident fellowship gives us strength and inspiration for our work.

In the name of all DBD members, we are conveying from our 11th party congress our most cordial greetings and are expressing our deepest thanks to the SED, its Central Committee and its secretary general, chairman of the GDR State Council, our highly esteemed friend Comrade Erich Honecker.

It also gives our members pride and joy that the SED and our socialist workers and farmers state are headed by a representative who since his earliest youth has been a model in political steadfastness and stubbornness against the class enemy.

II. Consolidating the GDR's Economic Strength--A Mission Binding on Each Party Member

DBD members are rightly proud of having actively helped in bringing to realization what the Eighth and Ninth SED Congress declared as the main task in its unity of economic and social policy in the 1970's. Targets were not only met but even surpassed in important positions. Despite enormous foreign economy burdens, the workers, cooperative farmers, the intellectuals and the other working people, under SED leadership, gave evidence through their diligent work, in an outstanding fashion, to the efficiency of our economy and the stability, continuity and dynamics of our development.

Mighty impulses for performance improvements came from socialist emulation. A visible expression of it came from the preprations for the 30th GDR anniversary and the 10th SED Congress.

Through their creativeness and initiative, our members have had a good share in that the years between 1976 and 1980 became another period of peaceful, intensive and creative work for the benefit of the people and that of the highest economic achievement thus far in a five-year plan period.

Our country's national income rose in that period by 25.4 percent. Industrial commodity production rose by 32.2 percent, to more than M 1.6 trillion. The by far largest portion of it came from the workers class. The GDR has been maintaining its place among the ten most important industrial countries in the world. Agricultural workers produced 20.1 percent more foodstuffs for the population and agricultural raw materials for industry. Public supplies in high-grade foodstuffs were ensured, with per capita consumption increasing.

The profound effects of the main task policy on the life of the people are found above all in the housing construction program, the centerpiece of the sociopolitical program. In the 1976-1980 five-year plan period, 813,000 dwelling units were newly built or modernized, which fundamentally improved housing conditions for 2.4 million citizens. The population's net income rose by M 20 billion, the retail trade, while keeping prices for goods and services stable, by M 18 billion. Likewise, the performance in health and social welfare, education, culture and sports improved considerably.

Relying on the people's creativeness, the working class party once again kept what it had promised. The unity of economic and social policy has proven and is proving itself a strong impulse for dynamic economic growth.

In Karl Marx' and Friedrich Engels' homeland, in the first German workers and farmers state, where peace has a permanent home, the work of the founders of scientific socialism is being brought to realization. Here the ideas of a Thomas Muentzer were turned into reality. Here our people, with its industrious work, is making socialism more and more habitable and beautiful.

On the basis of a strong material-technical base in the economy, the grown education and dedication of the working people, and the results in the acceleration of scientific-technical progress, the 10th SED Congress was able to decide to extend the main task policy throughout the 1980's even though foreign economy conditions have changed. That decision met with the full agreement of our country's working people, which also included our members.

The working people have responded to that decision by a broad spread of their creativeness and initiatives and in 1981 accomplished the biggest annual economic achievements thus far. In the efforts on behalf of a great performance and efficiency improvement, the firm alliance of the workers class with the class of the cooperative farmers, the socialist intelligentsia and all working people proved itself once again. Emphatic evidence was provided for this: The fraternal cooperation of our GDR with the land of Lenin and the other states in the socialist community is an indispensable prerequisite for our successful advances.

A national income increased by M 9 billion is the thus far highest annual performance increase. By 90 percent this growth comes from increased labor productivity. With an industrial commodity production that was by M 18 billion higher than last year, the workers class once again in 1981 bore the main share in the overall economic performance, and that with 5 percent less of a specific access to important energy sources, raw materials and material.

Cooperative farmers and the workers in agriculture, forestry and the foodstuffs industry made an essential contribution to our country's fine balance-sheet in 1981. Except for oleiferous and fresh fruit, socialist agriculture fulfilled its plans. With 2.5 million tons of fat stock and 4.88 billion eggs, the thus far highest state quota was achieved in the history of our workers and farmers state.

The material and cultural standard of living of our republic's citizens was further improved according to plan.

Economic Strategy--The Road to Further Performance Improvement

The focal point of domestic policy work lies in continued economic performance improvements, as the 10th SED Congress explained emphatically. The leadership of the working class party analyzed in good time the new internal and external conditions and showed through the economic strategy issued by the 10th SED Congress how in view of the changed situation its proven policy, aimed at the good of the people, the further strengthening of socialism, and the safeguarding of peace, can continue to be implemented throughout the 1980's. Therein lies a great scientific achievement of the SED leadership and a contribution by the secretary general of the SED Central Committee that cannot be overrated.

In his Politburo report to the Third SED Central Committee session, Comrade Erich Honecker issued the strategic orientation for the continued implementation of the 10th party congress resolutions under the more complicated conditions.

Our party will resolutely implement the SED economic strategy in implementation of our 11th party congress and 12th GDR Peasant Congress resolutions. All our work for boosting the GDR's economic performance growth takes place amidst international class conflict, is indeed an important contribution to our winning this conflict with imperialism. In his speech before the kreis first secretaries of the SED, Comrade Erich Honecker pointed out that the international situation had noticeably been exacerbated. "In this situation," he said, we consider it our task, together with the Soviet Union and the other fraternal countries, to pit against the course of exacerbating the international situation in which mainly the U.S. administration is engaged the cohesiveness of the states in the socialist community. Decisive for making the peaceful coexistence policy, detente, mutually advantageous cooperation and honest constructive dialogue come into their own is an effective coordination of activities in the world arena with due respect and consideration given to the legitimate interests of all sides." The time in which we live and help perfect our developed socialist society is giving us the new criteria. The higher requirements are derived from the needs for an intensively expanded reproduction as well as from the intensified class struggle in a world in which socialism keeps advancing and the imperialists do not want to surrender a foot of ground voluntarily. They in turn do all they can to roll back the influence of socialism and peace. The new requirements, furthermore, also result from the general shortages and higher costs of raw materials and the higher costs in our extracting our own raw material resources. Between 1970 and 1980, the raw material price level, above all in energy sources, rose by 680 percent on the capitalist markets.

Higher demands on our economy undoubtedly also arise from imperialism's high interest and boycott policy and capitalism's currency manipulations, reflecting the deep crisis in those countries. We must also take into account that world market competition has become much stiffer. That calls for salable products of high-grade technical design. Nor must we fail to mention that the international situation, heated up by imperialism, forces us into larger defense expenditures so that we can reliably protect the accomplishments of socialism.

The GDR economy passed important fitness tests last year. It gave new evidence to the advantages of the socialist planned economy. It reacted flexibly to new conditions. Many important changes were needed in the fabric of our economy. Not that they came about without friction, yet serious economic upsets were not experienced.

The economic strategy as issued by the 10th SED Congress applies to all branches of the economy, and thus also to agriculture, forestry and the foodstuffs industry. What matters now is that our party members also in all they think and do focus still more than they were used to on achieving a high performance and efficiency increase in their fields of activity and solving the tasks assigned in the economic plan by means of the funds allocated according to plan. Greater efforts are certainly still needed for that, but our members, we are sure, will advance faster than they used to in taking the pace of the 1980's.

An honored DBD tradition is that the members prepare for our party congresses by fine achievements.

The 13th party executive session, as one knows, has issued a basic guideline on what is expected of our colleagues in preparation for the 11th party congress. The task is to create an atmosphere of political struggle on every executive committee and in each local group, help with all one's strength prepare well the 12th Peasant Congress of the GDR, and thus help implement our socialist state's policy aimed at the well-being of the people and the preservation of peace.

Five-Year Plan Targets on Stable Foundations

The 1981-1985 Five-Year Plan summarizes the 10th SED Congress resolutions in terms of concrete accountable tasks for the various branches and collectives in our economy. The centerpiece is the continued performance and efficiency improvement of our economy. That the success of the entire five-year plan depends on it is obvious. Many important requirements pile up this year. As in no previous year, high growth rates are based on high labor efficiency, i.e., increasing labor productivity, more of a materials economy, a great improvement in the cost/benefit ratio, and better qualities.

It surely is not going to be easy to carry on the unity of economic and social policy as resolutely as the 10th SED Congress decided, under the vastly more intricate conditions of the 1980's.

The 1985 goal is to increase the national income to 128 percent, industrial commodity production to 131 percent, and labor productivity to 129 percent.

Some 940,000 apartments are being newly built or modernized. The population's net earnings are to increase by 20 percent. Retail trade is growing at the same rate. All children get a secondary school education. Upon their graduation, they are all entitled to skilled technical training. Health care is being vastly extended. For 1982 alone, our state has allocated M 21.2 billion for ensuring stable prices for staple goods, rentals and services.

The five-year plan targets rest on stable foundations. Our workers and farmers power is stronger than ever. The advantages of the socialist planned economy, our country's considerable economic and scientific-technical potential, our ever closer socialist economic integration with the Soviet Union and the other CEMA countries, our working people's high educational level and their industry and great dedication are making themselves ever better felt.

We thus have every good reason to be optimistic and mobilize all our capacities for the continued shaping of the developed socialist society in the GDR. And yet we still know the stability and dynamics of our socialist economy have to be fought for through hard work every day anew. What matters now is to continue the improvements in economic efficiency attained in 1981 through 1982 and subsequent years, step by step, following the examples of the best collectives in industry, construction, agriculture and other fields.

To make a still more efficient use of funds available is most urgent. The value of basic assets in the economy rose beyond M 500 billion. Greater efforts are needed in extracting domestic raw materials, substituting softcoal for imported liquid energy sources and pitcoal, and generally handle energy, especially heating oil, diesel fuel and gasoline, with the greatest economy. That holds true also, of course, for handling softcoal and other raw materials.

In saving only one percent of the raw materials, energy and material used at the current consumption level of our economy we could earn circa M 3 billion more of national income.

A fast and consistent improvement of the cost/benefit ratio implies a still more effective combination of science with production. Especially in science and technology our people possesses great traditions. There, no doubt, important predecisions are made on further economic growth. It is necessary to make more from what we have through intensification and rationalization and ensure a dynamic growth of our national income.

Wholly focused on coping with these requirements we find our socialist emulation for the fulfilment and targeted overfulfilment of the 1982 national economic plan. The 10th FDGB Congress most impressively confirmed the working people's great achievements and initiatives in socialist emulation under the slogan, "High performance growth through increasing labor productivity, efficiency and quality--All for the Good of the people and for peace!"

The resolve with which the workers class faces up to these higher requirements deserves the highest respect and also sets an example for our members. More than 3 million working people in the combines committed themselves to surpassing the ambitious targets of the 1982 plan by an output of at least 2 full days, returning raw materials, energy and material to the state amounting to at least M 1 billion, and reducing prime costs by M 500 million in excess of the plan.

Socialist economic integration with the Soviet Union and the other CEMA countries, and the deepening of our fraternal cooperation with the land of the Red October, is and remains the foundation for the stability and dynamics of the GDR economy.

The specialization and cooperation program up to 1990 with its objective of making our economies more efficient is of fundamental political and economic importance for continuing advances in our two friendly countries. With a mutual trade valued at 275 billion valuta Marks within the 1981-1985 Five-Year Plan, the Soviet Union is the GDR's main trade partner. Our state, in turn, is the largest trade partner of the USSR.

Deliveries in energy sources and raw materials agreed on from the Soviet Union are vital to our republic. They are under long-range contracts, and their prices are more favorable than they are on the capitalist world market.

It is not only an infamous lie but downright ludicrous for the enemies of socialism to keep insisting that only the strong Soviet Union gains advantages from these close comradely relations in the economic field.

The truth is that the GDR's participation in setting up objects in the raw material sector in the USSR pays off well day after day.

That is true of the GDR section of the Soyuz natural gas pipeline and of the joint production projects in petroleum, nickel, iron ore, aluminum, cellulose, asbestos and titanic oxide in the Soviet Union and other CEMA countries and Yugoslavia. The most recent example is the GDR's participation in the "design of the century," the "Friendship" natural gas pipeline of 5,000 km, a section of it having been assigned to the FDJ as a central youth project.

Our economy will greatly benefit from these investments in the 1980's and beyond.

Especially in science cooperation with the USSR, a mutual give-and-take has developed that moves both countries ahead faster. There are right now 144 governmental and ministerial agreements in effect on economic and scientific-technical cooperation in which important tasks of state contracts are anchored.

CEMA has stood up as the most dynamic, stable and progressive economic region in the world. Whereas in CEMA between 1970 and 1980 national income rose to 166 percent and industrial output to 184, the EEC countries only showed 28 and 26 percent respectively. The CEMA countries get almost all the important raw materials they need out of their own resources.

Therefore it is wishful thinking for imperialist opinion molders to keep saying, in total self-delusion, the socialist countries were at the mercy of the capitalist industrial countries and could be forced to their knees by them through embargoes and ever higher interest rates. Never yet could imperialist blackmail designs stop the triumphant march of socialism. Eventually, embargoes and boycotts have always boomeranged against their originators. The imperialists hoped to choke socialism, when still in its cradle, with boycott, intervention and war. How things came out is well enough known. Neither ox nor ass can stop socialism in motion, as August Bebel already pointed out.

LPG Vitality Proven to the Alliance for 30 Years

Proceeding from the resolutions of our 10th party congress and our grown coresponsibility for the commonwealth, our party's active involvement in the implementation of the SED's tried and tested alliance and agricultural policy has occupied a key position.

The working class alliance with the class of the cooperative farmers, the intelligentsia and all working people is a principle of the GDR Constitution. The working class alliance with the class of the cooperative farmers is our socialist state's political foundation and has borne rich fruits, as all can see.

The 30-year socialist rural development emphatically confirms the working class alliance with the class of the cooperative farmers and that the farm policy course of the GDR has been correct. That was also vividly demonstrated during our party elections when our colleagues with pride and gratification referred to the development in the territories of the LPG's and villages.

They are proud of what they helped create. They are proud of having helped write this very successful chapter in the history of our socialist fatherland.

The peasants were freed from exploitation and suppression. Political and social discord in the village was brought to an end. For the first time in history the peasant is actively engaged in the exercise of political power. The fetters of ignorance were broken, and the peasant allied himself closely with science. His future is secure, his prospects as a peasant are clear. Subsistence worries and social insecurity are alien to him. Out of small crop producers in peasant holdings evolved the unified socialist class of the cooperative farmers.

Through all stages of history together, never have such achievements been attained for the peasants as under the workers and farmers power. They are above all the outcome of the SED's prudent and consistent policy which creatively applied the Leninist cooperatives' plan to the conditions in our country. This was a policy that implemented each step in rural social development with the peasants, through the peasants, for the peasants. This is a policy that is manifested once again in the draft resolutions for the 12th Peasant Congress of the GDR, reflected in the preparations for this important event, and going to find its visible expression once more during the sessions of that congress.

This alliance policy with the peasants is successful because the SED, as Comrade Werner Felfe, Politburo member and secretary of the SED Central Committee, emphasized, "always studies the doctrines of Marx, Engels and Lenin in harmony with the rich experiences of the KPD struggling for the alliance between the workers and peasants and applies them creatively in our farm and alliance policy."

That policy made it possible to fashion the new socialist village, create the LPG's as the effective basic form of agricultural production, provide the peasants with fine political and technical education, make their intellectual-cultural life blossom, and change fundamentally the working and living conditions in the villages.

The Second SED Conference 30 years ago through its historic resolutions pointed out to the peasants what it meant to proceed from a perception of the singular I to the plural we. Among the pioneers for those innovations were quite a few members of our party, too. They included party delegates present here: August Brenneisen, Kurt Burkhardt, Else and Dr Helmut Merke, Willy Schaefer and Else Schmidt.

We feel a sincere need to express from the rostrum of our party congress to them and to all other party pioneers for socialist development in agriculture, members of our party, our cordial gratitude. Easy surely it was not to lay the foundations for socialist construction in view of the then existing open borders with the capitalist German state and West Berlin.

We well remember the furious assaults by the class enemy against the young LPG's and their members. The enemies of socialism would prophesy the GDR a famine and not shy away from sabotage, terror and murder.

In retrospect we may say: Socialist progress could not be stopped. The ideas of Marx, Engels and Lenin triumphed among us. The SED alliance policy triumphed. The agricultural policy of the working class party triumphed.

The 30-year development of our LPG's impressively proves that successful socialist construction entails firm socialist production relations in the countryside.

What the class of the cooperative farmers, supported by the working class and in alliance with science, is capable of has been shown by the ever improving results in supplying the population with foodstuffs and industry with raw materials throughout the last 30 years. In that period, crop and animal production went up as never before, grain 1.65 times, fat stock 4.6 times, milk 3.4 times, and eggs 9.5 times.

The picture of our villages has fundamentally improved. Growing prosperity in peasant families can be felt everywhere. That prosperity finds its sources in the workers' and farmers' power under SED leadership, in the cooperative ownership in the means of production, in our fine education, good cooperative work and the proverbial peasant industriousness. To use this cooperative property more effectively still to increase production and augment it steadily through increased accumulation is in the very own interest of all members of the cooperatives and the LPG workers and their cooperative facilities.

At the 10th party congress and the Third Central Committee session, Comrade Erich Honecker stressed that the socialist production relations in GDR agriculture gave much room for a long time to cooperatively organized productive forces and to cooperative property with its appropriate production organization.

Sure enough, the class of the cooperative farmers is going to develop further. Its capacities and capabilities will assert themselves still more strongly.

That calls, of course, for paying greater attention to the reproduction of the class of the cooperative farmers and of cooperative property.

At election meetings and kreis and bezirk delegates conferences, many colleagues have spoken about the great coresponsibility our party has for the reproduction of the class of the cooperative farmers out of its own ranks. We agree with our young colleague Dagmar Werkmeister of the LPG Bueden in Burg Kreis who said: "I cannot imagine working in a different occupation. To be a farmer with zest and zeal is a tradition in my family." Dagmar is one of four children of our colleague Ilse Schellin, member of our party kreis executive in Burg. Two of her siblings also work in agriculture, and one of her brothers is an NVA officer.

Peasant honor, pride in what has been achieved and responsibility to the subsequent generations of the cooperative farmers' class make it incumbent on all our party members to induce more strongly their own and other children to work in agriculture and acquire LPG membership. It furthermore stands a party member in good stead if he helps through his example and indoctrination in having his own children reach the decision to become also members of the DPD. We also are of the opinion there are still many unused opportunities for promoting youth in agriculture and for challenging young people as well and make them settle in the village.

Undeniable and highly appreciated are the distinctions of the women among our farmers gained in forming and consolidating agricultural production cooperatives and in developing new rural life. The toil and trouble of single female working peasants of the past are virtually gone. Today the female cooperative farmers occupy a highly respected position in their LPG's and villages. Full of energy, they take part in running the cooperatives, their cooperative facilities and public life. Undoubtedly, for the women in farming an entirely new page opened up in their lives with the step toward cooperative production.

The female cooperative farmers are socialist personalities, and they are beautiful, charming, self-assured, politically committed and highly educated. One out of every 18 women in our GDR's socialist agriculture is a technical school or college graduate, and one out of six exercises management functions. Their diligence, conscientiousness and prudence are downright proverbial. And as far as thrifty socialist economizing is concerned--many a man could learn a thing or two from them in that.

What matters now more than ever, of course, is to provide still better preconditions for the farming women, especially under the conditions and with the opportunities in socialist agricultural cooperative production, so they might still bring better to bear their knowledge and initiatives on fine cooperative labor and management. All our colleagues in management always again ought to ask themselves whether enough is done in his area of responsibility to take care of this important concern. One simply cannot let it rest, for example, with there being a shortage of mechanizers in crop production yet our colleagues in management often fail to assign the women of the cooperative farms to modern equipment. Not always do these management functionaries take into account that these farming women usually also are mothers and have greater family obligations to meet than men. Necessary surely is that the management cadre in animal production attach greater importance to the questions of rationalization, to ease the labor of the farming women.

We are proud that among the socialist personalities there also are tens of thousands of farming women accomplishing high achievements every day in production and public life to strengthen our republic. Cordial regards to these colleagues of ours from our party congress; we wish them good health and speed and new successes in their responsible activities.

None of the extremely ambitious plans could have found a response and could have been realized by the peasants, male and female, had they not themselves developed, in this process of socialist transformation, into new types of people. These 30 years of LPG history are the living proof for the correctness of Marx' remark in his issue-taking with Feuerbach 137 years ago, that men are indeed products of circumstances and education but that the circumstances would have to be changed by the people themselves. Today, the LPG's are proving themselves as political-social communities.

The identity of basic interests between the workers class and the class of the co-operative farmers determines the social, political and mental process of life. Subsistence worry, ill-will and family hostility, often inherited over generations, have long been replaced by comradely fellowship in the great cause of socialism, by mutual regard and mutual help. Our party has been actively involved in shaping this process; our members have grown politically while so engaged.

Hustle and Bustle in Preparation for the 12th Peasant Congress of the GDR

In Berlin, capital of our GDR, the elected delegates to the 12th Peasant Congress of the GDR will convene in a few days. Among them will be 400 members of our party. They will confer on and decide the tasks arising for the cooperative farmers and workers in socialist agriculture from the economic strategy for high performance and efficiency improvements. This 12th Peasant Congress is going to become an important milestone toward the implementation of the 10th SED Congress resolutions.

The preparations for our 11th party congress, as already pointed out, also greatly served the fine preparations for the 12th Peasant Congress. The tasks set down in the draft resolution have enjoyed a high place value in our party work. And more than that: The draft resolution and the intensive democratic debate of it have helped prepare our 11th party congress well politically and ideologically. Many thousand party members took the floor in local groups, at kreis and bezirk party delegates conferences, at the annual top LPG meetings and at kreis peasant conferences, or they expressed themselves in the press, on the radio and on television. BAUERN-ECHO alone has thus far published 860 letters to the editor commenting on the draft documents for the 12th Peasant Congress. Imbued with a great sense of political responsibility, many party members took part in the debate by making concrete references, suggestions and recommendations. The most important thing, however, is that our members took these documents for concrete action guidelines and are about to put them into action. Our members' activities in socialist emulation have noticeably increased so as to produce more, better and more cheaply.

As you know, the chairman of the preparatory committee for the 12th Peasant Congress of the GDR, our friend Comrade Werner Felfe, received a party executive delegation headed by our party chairman. In a most cordial and confident discussion, we had the occasion to report on our party's participation in preparing the Peasant Congress and submit our party proposals for the draft documents.

Comrade Werner Felfe's basic statements on the continued implementation of the 10th SED Congress resolutions under the new conditions, as elaborated by the Third SED Central Committee session, especially on extending the tried and tested alliance and agricultural policy throughout the 1980's, and his recommendations and good counsel were of much help to us in further preparing for our 11th party congress and beyond.

Foodstuffs and agricultural raw materials enjoy a very high place value for politically and economically strengthening the GDR. Our republic's agriculture and forestry furnish the GDR with more than half its primary raw materials. In the production of biological substance lies a raw material source which, in contrast with others, can and must be extended through reproduction.

More and more, foodstuffs and agricultural raw materials play a growing role in the class conflict between socialism and imperialism. There is nothing new in imperialism's using them as a weapon and means for political blackmail, even against socialist countries. Such designs and operations do of course not have the success intended. That has turned out to be a boomerang.

The high political rank of our socialist agriculture as an important economic branch is becoming ever more apparent. The main job of socialist agriculture, forestry and the foodstuffs industry is to ensure stably public food and industrial raw material supplies at increasing levels. From that aspect there also follows the need to convert animal production fully, and as fast as possible, to providing its own fodder. At the same time it is important, through saving material, energy and other funds, through reducing expenditures altogether and through more efficient management, to raise the contribution agriculture makes to the national income by at least M 1.1 billion from 1980 to 1985.

In conformity with the objectives in the five-year plan law, in crop production, the total yield by 1985 must be raised to from 43.7 to 44.2 dt (1 dt = 100 kg) of grain units per hectare of agricultural area, the hectare yields for grain to 39.5 dt, for potatoes to 220 dt and for sugar beets to 330 dt. For vegetable, the point is to ensure better supplies throughout the year and expand varieties.

Self-supply in the villages calls for still greater attention.

The state fresh fruit quota is to rise further. Not insignificant is the intent of horticulturists to give joy through broad supplies in flowers and ornamental plants.

In animal production, the five-year plan has scheduled for 1985 a state quota of 2,400,000 tons of fat stock, 6,930,000 tons of milk with a 4-percent fat content, 4.72 billion eggs, and 7,000 tons of wool.

The foodstuffs industry was assigned the task by the five-year plan to process agricultural raw materials effectively, with small losses and at high qualities. Internal waterway fishermen are expected to come up with a much larger catch.

In solving the five-year plan tasks we may take it for granted that agricultural development is and remains an overall economic concern.

Forestry workers have the mission to improve the production and yield reliability of the forestry sector further, enhance the ecological effects of woods, and increase the lumber production of the economy to 10.2 million cubic meters of trunk timber by 1985. Scrap and damaged timber processing is of great importance here. In the gathering of dead timber, thousands of members of our party have helped and done great things. E.g. the 20 members of the local group of Wasungen, Meiningen Kreis, had processed 465 cubic meters of defective and broken timber by 25 April 1982.

In water management it is a matter of ensuring stable drinking water supplies at proper qualities and making available utility water with ever greater efficiency.

Emulation Initiatives for All-Round Plan Fulfilment

The main purpose of all our party work is to enable our members who work in socialist agriculture, forestry and the foodstuffs industry to make a constantly growing contribution to the fulfilment and targeted overfulfilment of the economic plan. We know it takes the efforts of all to solve these tasks which certainly are not always easy. The fact is that in some animal production LPG's there are problems with livestock feed supply. That demands of every stable collective to make optimum use of the fodder and tap all fodder reserves. Where there is enough of it--and there are such LPG's--mutual assistance for the neighbor should be given the rank that has always to be typical of socialist producers. We then also have to ensure the reproduction of our cattle stocks according to plan. Hog reproduction through extra breeding calls for special attention.

Many good initiatives by our members in preparation for our 11th party congress and the 12th Peasant Congress attest to strenuous work toward the 1982 plan fulfilment or in catching up with backlogs that have occurred.

As an example of many others, we refer here to the collective in the Hardenberg LPG, Templin Kreis, where our colleague Monika Boettcher has been the chairperson since the LPG's main annual meeting. Arrears in plans coming to 41 dt of milk late in February induced the 31 members of our two local groups to hold constructive discussions on how our colleagues, under SED organization leadership, could still more effectively help conduct the effort toward plan fulfilment. They submitted proposals and assumed obligations.

Through rearrangements in livestock feed supply, through an understanding between crop and animal production, through rigorous capacity feeding, through daily comparisons between projected stock and stock on hand, material and moral stimuli, and still more order, cleanliness and discipline in the stalls, they succeeded within 2 months in getting rid of their milk debts to the workers and farmers state without any increased livestock feed and achieve a planning plus of circa 220 dt. Similar fine achievements have come from the collective of the Rossow LPG in Pasewalk Kreis, which by the end of February still was in plan arrears for slaughtering pigs at a level of 56 dt. Through the active involvement of 61 colleagues they managed to located livestock feed reserves in the foodstuffs industry at short range and ensure a higher fodder economy. Our members have kept their word: At the time of our party congress they achieved in their collectives a plan lead of 58 dt of fat stock.

Such campaign positions and acts of emulation have to be reinforced further. They now must assume a mass character. Vividly conducted socialist emulation by Leninist principles is more apt than any other management method to awaken creativeness and dedication, better utilize the farmers' words and experiences, more strongly draw on science, and promote optimum solutions and results.

Emulation among the brigades is becoming more important too. We also advocate remunerating executive cadre still more resolutely with regard to material and financial plan fulfilment.

While preparing for our 11th party congress and the 12th Peasant Congress of the GDR, circa 74,000 colleagues assumed obligations and party assignments to improve production, labor productivity and efficiency. There are now two and a half times as many members than at our last party congress who, in their brigades, are contesting for the title, "Collective of Socialist Work." One of every five DBD members now belongs to a "German-Soviet Friendship Collective," while in 1977, still only one out of ten. Some 30,000 colleagues successfully competed in their collectives for the distinction of "area of exemplary order and security." These are initiatives the executives will have to foster still more definitely and purposefully, qualitatively and quantitatively, in accordance with the new conditions.

Deeper Cooperation as Objective Requirement

Something new in socialist emulation has been demonstrated by the cooperative farmers and workers of Kerpsleben. Crop and animal producers assume their responsibility jointly. In conformity with natural interactions, the emulation program is worked out and coordinated in such a way that the partners develop proportionately and a high effectiveness of the unified reproduction process is ensured according to plan. This joint emulation points to the key position of the cooperation council, headed in Kerpsleben by our party colleague Dr Harry Woehlert and led by the party group of the SED.

The deeper kind cooperation ensures an effective organization and control over the agricultural reproduction process. Cooperation in our agriculture is an objective requirement for further consolidating socialist production relations and also a source of strength for our intensification.

It is obvious and confirmed in practice thousandfold: crop and animal production belong together and need each other more than ever.

Cooperation allows tapping many reserves still fallow. The further deepening of cooperation significantly depends on the work of the crop and animal production cooperation councils. They have proven themselves. They are democratic organs for the management and organization of cooperation relations.

The soil-crop-animal-soil cycle requires that the cooperation council assumes its responsibility everywhere, as in Kerpsleben. That also makes a high demand on our more than 4,500 colleagues on cooperation councils. They must still more effectively help enforce the principles for the work of cooperation councils which--this we wish to make explicit--leave much space for authoritative efforts by these democratic bodies of the cooperative farmers and workers.

Pursuant to the proven principle as contained in the draft resolution for the 12th Peasant Congress of the GDR, the cooperative farmers in their plenary meetings decide, in conformity with the given status of cooperative development, the authorizations with which they invest the cooperation council.

Great is the coresponsibility our members have in the cooperate facilities of the LPG's, such as the intercooperative and interplant facilities in crop and animal production, the agro-chemical centers, intercooperative construction organizations and the melioration cooperatives. We think that, with all the good work done, members in the kreis enterprises for agricultural equipment, the enterprises for technical agricultural equipment, and the melioration enterprises should still do a better job.

We urge our colleagues on the associative and producer advisory boards to work still more effectively together with the processing industries and commerce.

Grain and Fodder Production a First-Rate Political Task

What is most important now is to carry on a deliberate political struggle toward highest and stable yields in all farm cultures. All our party members realize that grain and fodder production is a political task of the first rank.

The Third SED Central Committee session pointed out emphatically that the grain problem was fully as severe as the oil problem. We cannot use more oil than we have available. The volume of concentrate agriculture can consume greatly depends on how much of it we can produce ourselves.

Increasing grain yields and expanded grain acreages must make it possible that we produce by 1985 at least 10.5 million tons of grain domestically. To substitute other fodders for grain and expand grain cultivation, optimum yields and grades of fodder are necessary all-around. That applies to all farm cultures and especially to field fodder, hay, potatoes and sugar beets. We must pay the greatest attention to the production of field-scale fodder. Every party member working in crop production must resolutely struggle for not only meeting crop gross production plans but for surpassing them by at least 0.7 dt grain units per hectare.

In the local and residential area groups, political-ideological work must be concentrated on a maximum production of fodder of their own, improving soil fertility, improved husbandry, and more order and cleanliness in the pens. Concrete stipulations for it ought to be made in the campaign programs taking their clues from the 11th party congress. The boards of our local groups ought to review regularly how our members assist in putting the principles of sound cooperative labor into effect.

No doubt, some LPG's must improve their treatment of the soil. The soil is agriculture's primary means of production. One must love and nurture and foster it. Not one square meter of soil must remain unused. No one must disregard that our soil is the basis for nutrition, an inextinguishable source of raw material, and a significant environmental factor.

Frankly, there is still a large field of activity here for our members. Some colleagues think there is not much to just one unused square meter of soil while they forget that square meters will soon add up to hectares. Local groups should better come to grips with such mistaken cavalier attitude.

We favor a still more resolute implementation of the soil utilization decree our government has issued.

It also is a fact that, considering what the socialist society is putting up for intensifying crop production, the area output is not high enough in some LPG's for which our party has a great shared responsibility. That affects not only livestock feed production in the territory but also the costs.

The old peasant wisdom still holds true: He who helps the soil, gets help from the soil. He who enriches the soil in crop rotation with much organic substance and supplies regular kennel manure with organic substance so that soil fertility is enhanced, he who breaks up the soil instead of compacting it by unnecessarily traversing it or also by using less than full-capacity equipment, and he who otherwise carries out every possible soil protection measure and creates optimum growth conditions for the crops, he will reap high stable yields even in years with poor weather conditions.

That this realization is correct has for years been impressively proven in the Trebra LPG, Sondershausen Kreis, which is run by our colleague Franz Tiedemann: In 1981, the cooperative farmers were able to record a grain unit capacity of 68.6 dt per hectare of agricultural area. That was computed from yields of 53.2 dt per hectare in grain, 321.4 dt per hectare in potatoes, and 420.6 dt per hectare in sugar beets. These yields are expected to be still surpassed in 1982 through socialist emulation, in the grain unit capacity by 1.4 dt per hectare of agricultural area and by 1.8 dt per hectare for the grain. By such results and quotas, the Trebra LPG sets standards for many other enterprises under equivalent conditions.

The Gorlosen LPG, Ludwigslust Kreis, chaired by our colleague Erwin Wegener, has also demonstrated what can be achieved with the right attitude toward the soil, a good admixture of organic substance, the use of the farmers' scientific knowledge and best experiences, and a strict respect for all rules of agronomic discipline, even when acreages are not so very good. On soils with a 21 average, the cooperative raised its output in 9 years from 20.5 to 38.4 dt of grain units per hectare. There the net product per full employment unit rose to 174 percent but the production consumption, by 30 percent only. Today, the accumulation is 5 times what it was 9 years ago, coming to M 5,180 per full employment unit.

That only works, of course, if crop and animal production work together closely. This is a key to improving soil fertility permanently.

Every partner must exercise his responsibility to the fullest, including the melioration enterprises, e.g. keeping drainage installations functional, and the agro-chemical centers for effective agro-chemical measures; in which it has been found useful to attach agro-chemical collectives to the crop production collectives on a regular basis. It should be taken for an accepted fact that everything in crop production is done hand in hand with the cooperative farmers and workers.

Scientifically sound crop rotation, meeting agro-technical deadlines--even when they fall on weekends--and optimum crop densities, to mention only a few things, must everywhere be part of the alpha and omega of a good farmer.

Of science it is expected that the complex measures for an expanded reproduction of soil fertility that have been worked out and are still to be refined further will be more rapidly applied in cooperation with the cooperative farmers.

The work with maximum yield conceptions and the constant improvement and resolute implementation of the long-term programs for efficient soil utilization in combination with the livestock feed programs in the cooperatives must rely on the joint efforts of all partners involved.

We agree with the colleagues in LPG crop production that, where necessary, well delineated units have to be set up with regular production collectives. But that can only be decided in accordance with the conditions that exist with regard to highest yields and maximum efficiency, on the spot. Experience has shown that normally the use of territorial production and labor organization, perhaps in combination with other proven elements of organization, makes for favorable solutions. Not the size of acreage but its yield capacity controls the collective's contribution to feeding the population.

Our party colleague Dr Dieter Muehlbach, chairman of the Seyda Agricultural Producer Cooperative (Crop Production), Jessen Kreis, reported at a bezirk delegates conference in Cottbus, e.g., how his collective, which includes 45 DBD members, under SED organization leadership, takes care of the advice contained in the draft resolution for the 12th Peasant Congress, carefully to examine "what gets us ahead the fastest way and what no longer works under the changed conditions." In following up the Third SED Central Committee session, the crop rotation plan was revised once again to conform better to the energy saving requirement and the soil-crop-animal-soil cycle. The emphasis is now placed on the most efficient cultivation of the soil including rationally supplying the kennels with solid and liquid manure, optimizing transports with regard to the location of kennels and forage silos, and improved full-capacity use of the social labor capacities in the territory, and other important factors. The first results of this reevaluation process: Catch crop can be harvested, solid and liquid manure find their path to the acre reduced, and the forage, its path to the kennels, production units are clearly defined for both partners, the farmers' bonds with their soil are closer, and production has become more efficient all-around.

The Gademow Agricultural Producer Cooperative (Crop Production) on Ruegen, where our party colleague Dr Christian Schnitzer is on the management board and other colleagues also bear responsibilities, has also been working more in line with the territorial principle. The economic bottom line was that agro-technical deadlines could be better complied with. Shipment efforts in livestock feed transports dropped by 23 percent, compared with 1980. In personnel transport alone, 11,000 liter of diesel fuel were saved. The average intra-plant transportation distance was reduced from 8 to 4 kilometers.

This is a logical inference drawn from the requirements facing our entire economy. The examples surely cannot count as recipes for all. Stereotypes could only be harmful here. Yet all members should learn from them and help in their LPG's, with regard to their concrete situation, find the most efficient, if not always the most comfortable, solutions, with the speed of changes having to be accelerated all-around.

What with all the good advances we have made, we do not ignore--and that is something our party executives should always be mindful of--that in coping with the new and higher requirements we are still only at the beginning of the road. The higher standards are not yet being met everywhere. So we must increase our efforts. General rules must be drawn from the good experiences more purposefully and faster.

In this, the results and stipulations of the 12th Peasant Congress must be given central attention in our party work. The resolutions of that congress are the guideline for all members of our party engaged in agriculture, forestry and the foodstuffs industry, a campaign mission of their conduct.

We appreciate the work done in spring cultivation highly. Now we must concentrate all our strength on the upkeep, on harvesting the winter catch crop, and the first grassland cut and draw the appropriate conclusions from that for our harvest.

We expect of our members, regardless of where their responsibilities lie, that they make an especially fine showing in the 1982 harvest and help crown all their great achievements on the fields thus far by high and highest yields.

High Fodder Economy and Tapping All Reserves

To keep animal production on level, for all intents and purposes, till 1985 requires the greatest efforts. We pay tribute at our 11th party congress to the achievements of our members in animal production during the first 4 months of this year.

Yet we do not ignore the still unused reserves thus far for achieving more through the same efforts. All colleagues must now attend to these reserves and their being used, with the executive personnel bearing an especially high responsibility for that.

Lagging behind in production often is due to faulty management activity when, e.g., intensification factors are not fully applied, the farmers' science knowledge and best experiences are not sufficiently taken into account, principles of socialist inudstrial management are in part ignored, or infractions against order, cleanliness and discipline are tolerated.

We are also addressing the veterinarians and veterinary engineers among our colleagues: As trustees of the cooperative farmers and respected authorities in the field of animal health, they should greatly increase their political and specialized influence and do all they can to meet the ambitious tasks in animal production.

The direction pointed out for coping with the demanding tasks in animal production by the cooperative farmers themselves, in the draft resolution for the 12th Peasant Congress, enjoys our party's full support.

What are the things that are especially important here?

To ensure public supplies through our own feedingstuffs due to further curbs on feedingstuff imports, we must first of all, while proceeding from a clear political position on our economic strategy, increase concentrate and field-scale fodder crops so that the performance potential of cattle herds is fully exhausted even with less concentrate. The main attention here must go to high-yield and energy-rich cultures such as alfalfa, clover, leguminous mixtures, silage maize and forage root crops. It would also conform with recommendations made by many of our members if in the future potatoes and sugar beets, after taking take of state quotas, were made fully available as fodder in animal production.

Our members in crop and animal production should see to it that, principally, more hay and feed straw at high quality are produced and pasturage is much expanded.

Secondly, it is important greatly to reduce fodder and quality losses from the field to the pen. E.g., the great eonomic allocations for the silo construction program must still much more highly be reflected in improved grades of ensilage.

All these are subjective factors that are also responsive to our efforts. The LPG's also have to help in tapping all fodder reserves, including kitchen offal.

Thirdly, it comes down to reducing specific fodder expenditures by at least from 0.5 to 1 percent annually. That is a realistic objective in view of the large differences within and among enterprises.

Best results are achieved where crop and animal production jointly use the fodder rating system in a complex fashion. That entails close cooperation in annual fodder planning and balancing, regular contracts on fodder deliveries in terms of dry substance, energy and protein content, the purchase and sale in graded quality categories and at grade-quality related prices, and other things like that. It is important to make more of a use of high-grade bulk forage instead of concentrate, as peasants always did in the past, in hog keeping and breeding, young cattle breeding and milk production. Still too little milk is produced with bulk fodder, as many examples show. Cows are fed concentrate whose performance does not justify that in any way. That patently wastes concentrate. What counts is to produce more milk without more fodder.

The planned reproduction of animal stocks, increased cattle breeding, larger sheep flocks, and the gradual conversion of large-scale animal production installations to the use of bulk fodder are consequences that necessarily arise from reduced grain imports.

Fourth, fodder is saved by improving breeding results and reducing animal losses and by extending the cows' utility to four or five milking periods. Resolute measures against animal illnesses are called for, especially those that are subjective in nature.

Using all these possibilities in their whole variety is in the interest of the economy and, hence, of all cooperative farmers and workers in socialist agriculture. We expect of our party members engaged in animal production that they set models so we make faster headway. Special attention should be given to improving the political and technical qualifications of the animal handlers, above all the milkers.

High Economic Advantages With Funds Available

The principal way for continued dynamic performance improvements in crop and animal production is rigorous production intensification and rationalization based on science and technology and an ever better use made of the great development potentials in socialist agriculture.

The intensification of crop production holds the absolute priority in this because it establishes the preconditions for higher agricultural yields all-around.

Crucial is a high economic advantage measured against increasing production and labor productivity and a reduced production consumption and lower costs.

More than ever is it necessary to apply in a complex manner the crucial factors of socialist intensification--training and advanced training, mechanization, chemical treatment, amelioration, breeding, storage and canning--and always to proceed in all measures from the unity of natural, technical-technological, economic and social processes.

More than ever is it necessary to use for optimum advantage every Mark of investments in the rank and sequence set down by the 10th SED Congress--improving soil fertility, setting up storage capacities, mainly for fodder, converting to heat production installations on the basis of rough brown coal, creating storage sheds for farm equipment, rationalization and reconstruction of kennels and in the foodstuffs industry.

More than ever must a high basic assets economy be ensured. Our agriculture has received an increasing allotment of basic assets by more than 180 percent between 1970 and 1980. Much of it is modern equipment. These valuable assets have to be better cared for, maintained and preserved with the aim of raising their working life, reducing their maintenance costs and improving their usability.

At the average, each worker in socialist agricultural enterprises and their cooperative facilities can count on basic assets at the clip of M 87,000 today.

The constructive debate in preparation for our party congress and for the 12th Peasant Congress has clearly established that the personal responsibility of each for the valuable basic assets entrusted to him and for their optimum maintenance and capacity use must be raised a great deal and receive better material and moral incentives. More simple storage and maintenance sheds are needed. Joint workshops between crop and animal producers also have been found suitable. Of the kreis enterprises for agricultural equipment, a higher grade of repair work is expected, of industry in cooperation with capacities belonging to agriculture itself, a better spare part distribution.

Socialist management means thrifty management. A new way of thinking, a search for highest effectiveness, is needed among many of our party members with regard to the use of energy. Frankly, ideologically we have to catch up here in many regards so as to achieve a maximum output through a minimum of energy.

Standards for the rational use of energy sources are set by such cooperatives as the Eckartsberg LPG (crop production), Zittau Kreis, run by the chairman of our party's kreis executive committee, colleague Gerhard Anton. There in 1981, the grain unit was produced with a diesel fuel consumption one liter below that in comparable enterprises. That was accomplished chiefly through better work with the people, the use of norms, and management bonuses tied to the reduction in specific energy consumption. The brigades' own responsibility was raised. All deliveries and performances among the crop and animal producers in the territory were sensibly organized on a contractual basis. The sites for fodder silos also were prudently selected.

Finally, it is more necessary than ever to combine socialist intensification most closely with rationalization. That applies in particular to the stables built at the start of our socialist transformation and the many that formerly belonged to individual farmers, where still 80 percent of the herds is kept. In them, precisely the women among our cooperative farmers often perform outstandingly under tough conditions. Kennel machinery, fodder distribution waggons and other means of rationalization ought to be made available according to plan. Building means of rationalization for agriculture is not only up to other branches of the economy but is primarily a responsibility of agriculture itself.

Closer Ties Between Science and Production

A still closer combination between the advantages of socialism and the achievements of the scientific-technical revolution is the main path to the required performance improvements in agriculture too.

All our party members, led by the SED organizations, and especially our colleagues among the executive cadre and the 700 scientists among our colleagues share the great responsibility for an all-inclusive application of scientific-technical progress.

The scientists among our colleagues often do outstanding research work. And we highly appreciate the instruction and production direction they give. Many of them enjoy a high reputation in the GDR and beyond our national borders.

Now our members also find themselves confronted with new and greater demands in the science institutions, colleges and universities. The focus of their creative work has to be their support of the more rigorous effort toward the further intensification of research, the close connection between science and production, and the deepening of socialist international science cooperation. The agronomists also must create more of a scientific lead.

We were gratified to learn during our party elections from our scientists that they, aware of their great political responsibility, are increasingly willing to gage the targets and results of their own work, resolutely, against international standards. They proceed more in their work from economic requirements and needs and seek top achievements, in creating far-reaching scientific leads as in introducing rapidly results of mature practicability promising high economic effectiveness. Both, the cooperative farmers expect from science more than ever to cope with the intricate tasks of the 1980's. In all decisions concerning the LPG's, more allowance must be made in the future for what the farmers and scientists have to say.

In all this we do not overlook that mediocrity is not done away with everywhere, a critical assessment of one's own position and work is not everywhere yet the norm, and the atmosphere of high dedication is not yet equally developed in all places. Some colleagues still are not seeking maximum economic results through their science performance to the necessary extent. Here our party executives have the job to lend more political-ideological assistance.

It is the task of our colleagues in the LPG's, mainly of the executive cadre, to turn scientific-technical progress into a political concern of the first rank for all collectives and members in socialist emulation toward high performance and efficiency improvements. For that one must principally have a critical attitude toward one's own work.

Science and technology plans must become more substantial throughout and truly include the main reserves for improving production, labor productivity and efficiency. On the implementation of that, our managerial colleagues should present status reports to the collectives on a regular basis. We also think those party members of ours have been right who proposed to assist more strongly in the preparation and implementation of those plans by state organs and science institutions.

We pay high tribute to the work of the 8,100 innovators and rationalizers who belong to our party. They continue to deserve the encouragement and support from all executives. With the continued shaping of the developed socialist society, the subjective factor is becoming increasingly important.

It follows from that and from the tasks for our intensively expanded reproduction that education and training have become a major factor in intensification. A diploma once acquired is not enought for the rest of one's life. Above all one must acquire sound scientific and sufficiently applicable knowledge. To put it plainly: Some people must learn to rethink what they know in line with current conditions.

The "schools of cooperative work" are a valuable political aid the workers class gives the class of the cooperative farmers. More than 83 percent of the colleagues working in the LPG's, GPG's and their cooperative facilities is involved in them. Circa 5,500 members of our party have appeared as discussion leaders there.

All in all, however, the participation of our members, mainly our managerial colleagues, in advanced occupational training measures is not what it should be. That has to change. To assist in making full use of the social labor capacity in agriculture and enhance the versatility of labor, we direct our members to get training for temporary activity in a secondary occupation, be it from their own LPG or from a cooperation partner.

It also would be fully in line with proposals from many colleagues that vocational, technical and college training again provide more basic knowledge about agriculture as such and that more thought were given in this direction about a higher grade of polytechnical instruction.

Cooperative Democracy Helps More Rapidly Enforce the Best Experiences

To cope with the tasks of the 1980's it is necessary to develop cooperative democracy further with purpose and practice it more completely. The new model statutes and the new LPG Law offer the best opportunities for that. Lenin's remark that a state is strong "when the masses know everything, can judge everything and do everything consciously," also applies, figuratively, to each LPG. No LPG executive and manager must refrain from using that power potential.

The preparation for the Peasant Congress once again expresses the vitality of socialist democracy. At the kreis peasants' conferences, the cooperative farmers elected the councils for agriculture and the foodstuffs industry. In these advisory organs for the kreis councils our 1,664 members also bear a great shared responsibility for the further molding of political campaign positions, the broad spread of all creative capacities and a rapid generalization of best experiences.

Our members are called upon to do what they can in their LPG's for further deepening cooperative democracy. This is of great importance for the all-round consolidation of the LPG', GPG's and their cooperative facilities. We must still get better involved in the work, the planning and the administration.

In preparing for the Peasant Congress, our party members have thoroughly studied and debated the new LPG Law. They consider the draft a very sound basis for the whole further development of our agriculture and cooperative democracy.

Not often enough can we point out the need to bring to bear all principles of socialist industrial management in their complexity. Many of our delegates know from their own experience how large the reserves are that can still be tapped there.

Measuring, computing and weighing must play a greater role again so that all LPG's produce more, better and more cheaply.

We welcome the 10th SED Congress resolution on a farm price reform. Some economic rules in agriculture do indeed call for revision. All cooperatives ought to have fairly equal favorable conditions for their expanded reproduction and be given still more effective material incentives for a high increase in efficiency and performance.

Managerial deficiencies, however, cannot be eliminated even by the best farm price reform. The best benefits will accrue to those LPG's that know how to use their natural and economic conditions prudently for high performance and efficiency improvements, produce at reduced costs, and maintain order, cleanliness and great discipline.

In the rigorous reduction of unjustifiable disparities on the performance level within crop and animal production enterprises, and among them, continues to be found an extremely great production and efficiency reserve. This has much to do with indoctrination and sound cooperative work. Measures to be introduced on the basis of performance comparisons must be complex in character, must concern the cadre, the labor and the equipment, industrial management solutions and the improvement in working and living conditions.

Mainly since the 11th party executive conference, good advances have been made in the active involvement of our executives and members, but they still are very uneven and not, on the whole, sufficient. Since our 10th party congress, a total of 287 managerial cadres of ours have been delegated to economically still weak LPG's where, working with the collectives, they have partly already achieved remarkable results. There are 101 members of our party to whom the chairmanships of such cooperatives were entrusted. The mobilizing effect of our party elections and kreis peasants conferences can be seen in the fact that only since February this year 19 colleagues have assumed such responsibilities.

More than 2,000 party members, circa half of them since the 11th party executive conference, assumed sponsorships over collectives or management functions in collectives of their cooperative that did not yet reach the level of those that are ahead.

They all prove themselves fighters and exemplary socialist management personalities and feel as responsible for the work of their neighbors as for their own work, and they also bring personal sacrifices for it.

Our gratitude goes to all these colleagues, not a few of them being party congress delegates. The party will continue to exercise fully its responsibility for actively and politically supporting these cadre. We wish to reiterate that complex measures are required, it seems to us, to assist those cadre.

All kreis executives are called upon, in line with the stipulations from the kreis peasants conferences, to consider and decide concrete measures on how our party could help more effectively in more rapidly surmounting unjustified performance disparities in the kreis.

We can see ever more clearly that coping with the tasks of the 1980's greatly depends on the management activity level, on good work done with the people. This we say in full awareness of the great shared responsibility we bear as a party in this field. More than 9,400 members work on the executive boards of the LPG's and GPG's and 18,700, as management cadre in socialist agriculture, forestry and the foodstuffs industry.

Each party member exercising a management function, i.e., directing a collective, shares in the responsibility for the people's consciousness development. Of him, the collective expects not only political decisions in general but also information and explanations that explain the profound political meaning of our tasks. So it is a matter of making the collectives aware of the political character of our tasks. A manager becomes effective through his personal example. His conduct, attitude, stance always in a sense set standards, provide the collective with an orientation.

Also through his organizational activity will a good manager affect consciousness development in that he creates in his area of responsibility favorable conditions for the development of socialist personalities. Creating favorable conditions is socialist democracy in action. That requires that a manager confers with his collective on important decisions.

Thus a manager asserts himself not only through what he says but, especially, through what he does. He not only explains to his collective social reality or the tasks, but he also makes changes together with the collective and fulfils the requirements assigned. That makes the kind of personality of him that excels as a socialist leader.

To lead people, each party member needs a sound knowledge of the working class ideology. He has to have a firm character, a clear personal position on events in life, and high moral abilities. That turns our party's indoctrination into far more than the dispensation of knowledge. It implies permanent further training and necessary education for the educators. It requires a critical and comradely atmosphere in all our executive committees. To that our party executives have to conform to a higher degree in their work with the cadre.

Since our 10th party congress, 24 percent of all managers, directors and chairmen who are party members graduated from 5-month courses at our central educational institution. That raises the proportion of managers with an extended party school attendance to 45 percent. Of our middle-management colleagues, 31 percent in that period got more training in 3-week courses under the bezirk or kreis executive boards or at our central educational institution. This is how we must keep going, and some bezirk associations have to do more to get ahead faster.

Our members in LPG's with private plots are doing a lot to help supply the population. We are all for tapping still more extensively reserves not yet used this way in line with sound cooperative work and in conformity with the statute and industrial regulations.

We also fully support our colleagues' participation in the Association of Allotment Gardeners and Small-scale Animal Breeders who produce for public supplies, above and beyond their own needs, mainly fresh fruit and vegetables, honey, rabbits, eggs, geese, skins and other products.

The further preparations for the fifth general conference of that Association and its analysis offer our members another field for political mass activity toward rich initiatives for using every square meter of soil, meaningful leisure time activities and active recreation.

For tapping all the reserves we must also involve all small producers above and beyond the Association.

Our members who work as functionaries in the Peasants Mutual Aid Association (Peasants Trade Cooperative) should purposefully assist in further improving the supplies in small equipment, work clothing and other production accessories for house and garden for the rural population and in making building materials available.

An Active Part in the National Front Citizens' Initiative

The picture of socialist agriculture is framed primarily by successfully operating LPG's in beautiful and modern villages where citizens feel at home.

From 1977 to 1981 alone, circa 56,000 new or modernized apartments were created in the villages out of their own agricultural construction capacities. Some 157,000 households, with circa 470,000 citizens, got extensions connecting them with the central fresh water network, mainly on the initiative of the rural population itself. Kindergartens and day nurseries were expanded, and so were facilities in social welfare and health.

Best results are achieved wherever LPG's and other enterprises work closely together with communal representations and commissions of the National Front of the GDR and where, through targeted political mass activity, the rural population gets drawn into it. Through joint efforts for the good of all, new modes of thinking and conduct develop, mainly with respect to public property, the respect for the work of others, and the shared responsibility for the commonweal. New interests and needs are awakened which are, in turn, satisfied within the community.

For instance, the "Join-in!" competition helps develop the mode of life that is characteristic of socialism in the residential areas and villages and foster the formation of socialist personalities.

The targets of the citizens' initiative in the contest for "more beautiful towns and communities--join-in!" issued by the National Council of the National Front of the GDR make up a long-term action program till 1985. To this there will also apply in the future more than ever the principle of utmost efficiency, i.e., what we have intended to do must be brought about by means of the funds we have.

All members, especially our colleagues in the National Front commissions and in the people's representations, find broad space here for political activity. For that they need more support from the boards of their local and residential area groups. From there should come more than in the past creative impulses toward territorial rationalization and the improvement of working and living conditions.

We must help actively in newly building or modernizing 55,000 rural apartments, whereby further to improve the housing conditions. The primary concern lies in more maintenance and timely repair of apartment buildings and in renovating and modernizing the apartments.

The collection and use of secondary raw materials and kitchen offal deserves special attention.

Our members have every good reason to attach growing importance to the tasks in rural planning and environmental protection. With great initiative and dedication, they are concentrating on a more effective utilization of the soil, on water protection and purification, the maintaining and augmenting of beauty in our landscape, and a more rational utilization of industrial and agricultural by-products. We deem it utterly important that our bezirk and kreis executives actively assist our members on the boards, working teams and interest circles of the Association for Nature and Environment, Monument Maintenance and Local History of the Culture League of the GDR and delegate other members of our party to executive bodies.

Each member must see to it that everything is preserved, fostered and furthered that makes life in the socialist village still more worthwhile and helps strengthen the love for our home.

High-Grade Culture and Education

"The center of the SED's social policy is our economy," says the Central Committee report to the 10th party congress, "our people's great efforts for a high economic performance improvement. Here all the decisions are made on further advances in the shaping of developed socialism. In turn, the blossoming of all social domains increasing affects the tempo of our production growth."

From this social context, we, the DBD, derive as an indispensable side of our alliance obligation the task to help more purposefully still, especially in the villages, on further improving the intellectual-cultural preconditions for high economic performance growth, and mold in every way the culture and mode of life of the developed socialist society in the countryside.

With every good reason it may be maintained that our socialist national culture is undergoing a successful development. It is marked decisively by the goals and ideals of the workers class and has become a culture of all the people in our GDR. It finds its roots in the most progressive cultural traditions of our people and of all mankind. It is closely linked with the cultures of the Soviet Union and of the other countries in the socialist community of states.

Working with the young generation is very important. The party has a high opinion of the 2,000 teachers, educators and teaching instructors among its members. It is a responsible obligation to form young socialist citizens, which they do in confident togetherness with the parents. This is accomplished all the better, the more intimate a cooperation there is with the Ernst Thaelmann pioneer organization and the FDJ.

In this sense we support the FDJ in implementing the resolutions of its 11th Parliament and preparing the Seventh Pioneer Meeting that is going to be held on the occasion of the 30th anniversary of the day when the name Ernst Thaelmann was bestowed.

The objective is a high quality of culture and, above all, of communist education for the young generation. At school and in the family, in polytechnical instruction and in vocational training, we have to help form personalities brought up in class consciousness who excel in their high, soundly scientific general education, their loyalty to the workers and farmers power and their political steadfastness.

The family has the decisive influence on the development of the children's and adolescents' personalities and the molding of their character. Especially within the family those bases are laid for the children's physical, mental and moral development that normally control them for the rest of their lives.

Educating one's own children so they will with all their hearts, great knowledge and sound understanding continue the socialist/communist effort that got started and always act as socialist patriots and internationalists, is an important party mission for all our members.

It is a permanent task for all executive committees to help all colleagues working as pedagogues in their striving for higher effectiveness and better quality in their work, in consistently and sympathetically working with youth, and in putting still more of a political motivation into their work.

Our members have a great responsibility, especially those in management positions, for polytechnical and vocational training and, as was already mentioned, for attracting new blood to agriculture. He who wants to do great things, with love and high knowledge, for socialism, will find in socialist agriculture broad and fertile testing grounds in the literal sense of the word.

Man the Measure of All Efforts in Cultural Policy

Man, his becoming a socialist personality, is the measure of all our members' cultural policy efforts in the collectives and villages, boroughs and residential areas, village clubs and the clubs for the working people.

The propitious work of these members helps elevate the cultural standard of living of the cooperative farmers, in harmony with the material, and make country life more attractive. Many inducements for that came from the experience exchange by the secretariat of the party executive on our party's participation in promoting an intellectual-cultural life.

The experiences conveyed there should be used with still more purpose by all executive committees, so that everywhere an active contribution is encouraged by our party members toward developing a rich intellectual-cultural life and surmounting there too unjustified differences in levels. The deputies to local people's organizations who are party members bear a special responsibility for it.

Through solving the tasks for economic performance improvements in towns and in the countryside, the role of socialist working culture is enhanced. It is a profoundly political concern for our party members actively to see to it that the progress-promoting and humanistic character of science and technology is shaped everywhere so that they help strengthen the GDR's economic capacity and raise the working people's cultural level.

What we want are cultured working conditions and the fashioning of socialist interhuman relations in every work collective, every LPG, every enterprise. Socialist working culture plays as much a key role in developing socialist personalities as for all rural cultural development. To live up to that everywhere also is a part of solving the main task.

That implies fostering fellowship, community and collectivity in the socialist sense, enhancing cultural standards, creativeness and dedication, and dispensing the joy of living.

We direct the attention, mainly, of our management cadre at broadly spreading intellectual-cultural life in the work collectives, especially through the "work, study and live socialistically" movement. A greater influence from them is needed to combine high emulation obligations deliberately with promoting the members' practical and intellectual capabilities.

The culture and education plans have proven themselves well as management tools for shaping socialist relations, a creative working climate, and the socialist mode of culture and life.

Our members are making their most effective contribution to the development of socialist culture and art where the boards of the local groups derive their concrete tasks from the communal representations' cultural policy leads contained in the annual culture plan.

We also have to take part in seeing to it that in the villages and boroughs the intellectual-cultural life is further improved by means of opportunities available there. That has to do with the requirement gradually to assimilate the urban and rural working and living conditions and implies a stronger involvement of the artists and creators of culture.

To help enhance the ideological content and massive effectiveness of our intellectual-cultural life comes down to core issues of our activity in this important field. That is why we suggested particularly to improve the work of the village clubs in every village. All members are called upon to make a fine contribution to the preparation of the workers festivals and culture holidays of socialist agriculture. We actively support the Culture League of the GDR and the cultural projects of the youth association and of the Association of Allotment Gardeners and Small-scale Animal Breeders. And finally it also is a matter of helping the people's solidarity in offering senior citizens the opportunity to have a cultured and meaningful life to the end of their days.

It is a matter of helping shape the kind of intellectual life which, in the sense of the GDR's cultural policy, informs about the intellectual issues in our time. It is meant to help encourage economic thought, pride in one's trade, versatility of knowledge as much as socialist festivals, celebrations and sociability, the enjoyment of art and popular culture.

Today it is important that in the struggle for the preservation of peace the words and works of the artists and creators of culture increasingly gain in weight.

We must more use and promote still the indispensable and irreplaceable contribution literature and art can make to the development of socialist personalities and the enriching of their thoughts and sentiments. That means we should know all that mankind has created in the struggle for social progress while under the yoke of the exploiter societies and all that the peoples created, especially the USSR, with the construction of socialism. That helps, as much as knowing the history and tradition of one's own village, in deliberately coshaping our socialist present and communist future.

We feel deeply committed in our cultural policy work and in the ideological class conflict to the entire humanistic cultural and intellectual legacy, the rich and fruitful traditions within which the socialist national culture of the GDR as well as its Sorbian culture with its own place, are firmly rooted.

This includes the outstanding personalities of the early bourgeois revolution in Germany like Thomas Muentzer and Martin Luther, the great creators of culture and works of the mind like Goethe, Schiller, Lessing, Heine and many others.

We belong among the heirs to the Communist Manifesto. The 100th anniversary of the death of Karl Marx next year will give us the occasion to honor the greatest personality in German history.

To enrich the socialist culture of the workers class and the entire people also is the business of the artists and creators of culture among our membership. We pay tribute to their responsible efforts.

Popular art and culture have much of a share in the intellectual-cultural life in the villages.

To help shape it with purpose in its entire range and offer more and more talents broad developmental opportunities is something we wish to encourage and ask our members to do. The exhibition, "Party Members Exhibit," at our party congress impressively exemplifies the cultural creativeness of our members.

We pay high tribute to the thousands of sports functionaries and top athletes who belong to our party. They have contributed to the continued blossoming of our socialist sports movement in the countryside, and that has included such traditional kinds of sports as horseback riding, bowling, soccer and motorized sports.

We should get more and more members to engage in sports regularly. We need a higher level and broader range in the further development of physical culture and sports.

All party executive committees are called upon to devote more attention and support to defense education, the premilitary training for youths in the GST, and interesting and diversified defense sports activity.

III. The Consolidation of our Workers and Farmers Power Is and Remains Our Party's Basic Concern

The DBD, in implementation of the 10th party congress resolutions, has been actively involved in consolidating our socialist state power all-around.

The DBD members hold firmly to their workers and farmers state. It is the achievement of the conscious, creative work of the workers class, the cooperative farmers, the intelligentsia and millions of citizens in our country. So it also is our achievement.

All basic rights and freedoms in socialism depend on the political power of the workers class. The enemies of socialism aim their most frenetic attacks against the leadership role of the workers class and its Marxist-Leninist party, the SED, and against our workers and farmers power. That is neither new nor unique. Our people has done well under SED leadership.

All our successes are based on the SED's scientific leadership activity. Never have our enemies been able to drive a wedge between the SED and the people. Nor will they be able to do it in the future.

Attacks against the working class party also are attacks against our party. With full resolve and without any compromise, we are turning back any attacks by the class enemy against the SED. And we shall continue and do all we can to strengthen further and defend our workers and farmers power.

The accomplishments of the socialist countries vividly demonstrate the close objective connection between political working class power and the working people's freedom and human dignity. Here they have the right to and the freedom of the exercise of power. Here in socialism they share in the work, the planning and the government. These are basic values of socialism, indeed they are the crucial impulse in the creative efforts in shaping the socialist society.

As GDR development proves, our socialist state and its legal order are politically stable. As a workers and farmers state, the GDR not only proclaims the citizens' basic rights and duties, it also brings them to realization. It is the guarantor of the people's freedom to shape worthy human living conditions for all working people.

It belongs among the permanent political-ideological tasks of the executive boards further to deepen the realization among our members that the political power of the workers class and its firm alliance with the class of the cooperative farmers, the intelligentsia and the other working people are the decisive prerequisites for implementing throughout the 1980's the policy that is aimed at the well-being of the people and the safeguarding of peace.

We expect of all our members that they will more thoroughly still think along with us, feel responsible for the whole, share our work in awareness and maintain exemplary state discipline. The further perfecting of socialist democracy will continue to be the main thrust in the development of socialist state power.

The workers and farmers power is deeply anchored within the GDR people. That was also persuasively confirmed by the elections for the people's representations on 20 May 1979 and 14 June 1981. They were an overwhelming loyalty demonstration by the citizens of our socialist fatherland for socialism and peace and the policy of the leading force in our socialist society. They once again demonstrated the steadily consolidating political-moral unity of our people.

Delegates--Deputies of Their Voters

The more than 21,000 members of our party in the people's representations and their organs do a tremendous amount of work with great personal dedication as their voters' deputies to justify fully the trust placed in them. They help ensure the people's representations as ever more effective corporate bodies in their exercising the unity of decision-making, implementation and control over their resolutions. As elected deputies, they take a direct part in the exercise of power. Their most important party mission is to help enforce the state policy in the 1980's.

We should like to register our expectation that the executives will pay still more attention to the work of these members in the people's representations. They must be given more effective political-ideological support and assistance than they have received. Above all they should be better skilled in carrying on relevant and persuasive work that is linked with the masses. Their respect and authority can come only from exemplary work done, especially in their occupational work, a people-related working style, and an attitude of attention toward any recommendations and petitions from the citizens. Mainly through their personal attitudes in the enterprise, their election district and residential area, and their active participation in the work of standing commissions is their relationship of trust with their voters determined and authority gained.

Of great importance to a confident cooperation with the citizens is the development of public life, especially the safeguarding of state order, down to every borough.

Crucial is and remains a high political effectiveness of the people's representations and their councils. Our executives and members should in every way promote the close cooperation between the councils and the LPG boards so that territorial reserves are still better be made use of for high performance improvements.

In all this, a great political responsibility is assigned to the 462 members who are mayors and the 700 who are deputy mayors. It must remain an important concern of our executives to help such members politically so that they can always live up to their responsibilities as agents of socialist state power. Through a confident rapport with the citizens, dedication and active participation must be further encouraged.

By far most of our members exercising managerial functions in the state or economic management organs, or working as associates in them, are doing fine work.

We expect they will continue their responsible, idea-rich and creative work to meet fully the growing demands made on state executive activity. All boards should have to pay greater attention to the development and further training of these cadre. Other party members are to be prepared on a long-term basis for taking over such functions.

The further development of the socialist legal order is an inseparable element of strengthening our socialist state. A visible, timely, expression of it is the new LPG draft law. It should help consolidate our accomplishments and create more favorable conditions for the development of the productive forces and the socialist production relations in the countryside and for creative action on the part of the cooperative farmers.

The main thing is to use in the future still more effectively the Leninist principles of voluntariness, of the LPG's own responsibility, of the development of manifold cooperation relations, and the LPG's and their members' material incentives with respect to outputs for further developing good cooperative labor.

The law on the social courts in the GDR ought to improve their effectiveness and benefit the voluntary activity of the members of the conflict and arbitration commissions. We must become much more intolerant to violations of our legal order.

In this connection, it is necessary to provide more political support for those members who work as lay judges and in public jurisprudential organs. The law on the contract system in the socialist economy serves the solution of economic tasks in the 1980's.

Socialist law--an expression of overall state interests--protects the people's accomplishments. It helps form truly socialist interhuman relations. The executives should make more of law education and law propaganda in their work. Our members' sense of responsibility to exercising their civic rights and duties should be further developed. That includes their resolute advocacy of law and legality in enterprises and territories.

That also entails a greater concern for their shared responsibility for high political vigilance and a high level of order, discipline and security in solving their tasks on the basis of municipal and communal regulations. So we are involved in seeing to it that the rules for socialist communal life become more and more habitual in people's lives and thoughts, as precepts of socialist morality, to be respected deliberately and voluntarily.

Experiences have shown that the more responsibly legal duties toward society are obeyed, the more honesty is fostered, comfort created and high dedication stimulated.

Peace Requires the Reliable Protection of Socialism

We pay high tribute to the exemplary efforts by more than 35,000 members who are consciously fulfilling their patriotic and internationalist obligation to defend our fatherland, socialism and peace. They perform recognized accomplishments for the protection of our socialist achievements in the ranks of the NVA, in the reserve collectives, as assistants to the border troops and the People's Police, in the working class militia, in the organs of civil defense, in the GST and other organs. All executives must maintain permanent close ties with members who are doing their honorable service in the NVA. They must feel the party cares about them even at that time.

Our executives should do what they can to enhance our contribution to militarily reinforcing our socialist workers and farmers state. This aim was served by an experience exchange conducted by the party executive presidium, where Comrade Col Gen Herbert Scheibe, member of the SED Central Committee, spoke about military policy matters.

Very important for our political-ideological work further was the visit by the party executive presidium and the bezirk executive chairmen to the civil defense institute of the GDR in Beeskow. Bezirk and kreis executives conducted other similar conferences.

Peace, security and the reliable protection of socialism belong inseparably together. To that also conform, as already mentioned, the military service law and the border law the GDR People's Chamber ratified. Through military service our workers and farmers state assures its citizens of exercising their right and the fulfillment of their honorable duty to protect peace and the socialist fatherland and its accomplishments.

What is new in the border law which, in conformity with the Constitution and the recognized principles of international law, was ratified by the GDR People's Chamber, is that it settles in a complex manner the matters of the GDR's sovereign territory and national borders. It contains all basic stipulations for maintaining high order and security in the border area and thereby creates fine conditions for the peaceful work and life of the people.

We are convinced all our members will make their contribution, in line with the military service law, to preserving and consolidating peace and strengthening socialist state power and securely protecting socialism from any enemy attack.

And we pledge our word: DPD members will continue always help actively implement all military and security policy measures of our socialist state.

National Front--Proven People's Movement for Peace

All successes and accomplishments of our socialist workers and farmers state are the result of the joint efforts of the workers class that leads our society and its firm alliance with the class of the cooperative farmers, the intelligentsia and the other working people. This proven alliance manifests our people's strong political-moral unity.

Under the battle-tested leadership of the SED, that alliance finds its visible expression in the joint operations by the parties and mass organizations in the Democratic Block and all the forces of the National Front of the GDR on behalf of the policy that is aimed at the well-being of the people and the safeguarding of peace. The most recent session of the National Council of the National Front of the GDR proved its vitality once again.

New standards were set for the work of the National Front in the 1980's. What matters is to carry our socialist state's policy into every family. Our members should always actively contribute to having the National Front of the GDR prove itself a truly socialist people's movement, a National Front for peace.

In some urban residential areas and communities, however, greater efforts still have to be made to overcome unsatisfactory results in political mass activity. It is the task of our executives to help create everywhere politically functioning National Front commissions. That is also true, especially, for the boroughs.

To make better use for this of the still available reserves everywhere in the bezirk and kreis associations of our party conforms with the coresponsibility DSD members bear in our socialist people's movement.

Right now, nearly 23,000 members, more than 1,100 of them as chairmen of National Front commissions, are exercising an active influence on the political climate in the urban residential areas and villages. That makes it over 3,600 members more than at the time of our 10th party congress. Especially good results were achieved in the bezirk associations of Gera and Berlin.

Another 4,500 members do distinctly responsible work in the housing community leadership and the street communities. Our party's increased effectiveness also is reflected by so much more our members are now doing in the social mass organizations.

We appreciate our members' active participation in the Democratic Women's League of Germany, the FDJ, the Peasants Mutual Aid Association (Peasants Trade Cooperative), the Association of Allotment Gardeners and Small-scale Animal Breeders, the German Gymnastics and Sports Federation, the Culture League of the GDR and many other public organizations. Through various initiatives our party members in socialist women's organizations help in putting into effect the tasks decided on by the 11th congress of the Democratic Women's League. Our members who belong to the socialist youth association support with youthful elan the fulfilment of the campaign mission of the 11th FDJ Parliament.

IV. Ideological-Political Work--Centerpiece of Our Party's Leadership Activity

Our 10th party congress gave us the task to make all our party work more expedient and equip all members politically and ideologically so that they will always do their best for the all-round strengthening of our socialist fatherland and the safeguarding of peace. Our assessment today may be this: our party has proven its ability to implement successfully the goals and tasks with which the 10th party congress charged it.

And indeed: our party's greater fighting strength is due to the higher level of our party work. The 35,000 members of all the executive committees, the full-time functionaries and the deputies have had an outstanding share in it. Our heartfelt thanks to them.

The election meetings in the local and residential area groups and the kreis and bezirk delegates conferences in preparation for our 11th party congress have reflected our work's improved quality. They informed us about our members' activities and the great authority and activity of their party collectives.

The party elections have shown that our members' knowledge of their personal responsibility to the commonwealth reflects their grown socialist and internationalist consciousness.

Above all the party elections brought out our members' declared intention to make politics through higher economic achievements, to strengthen the socialist state, to improve life further and to contribute to the preservation of peace. They manifested our members' firm determination to counter the aggressive policy of the U.S. administration and NATO's arms-buildup course, not only in words but through constructive efforts on behalf of socialism, and to do all they can for a secure protection of our socialist fatherland. These advances were due to the improvements in our executive committees' leadership activity. They sought to make more highly qualified political-ideological work the focus of their efforts, and that did pay off.

Our party executive held regular meetings. It assessed the status of implementation of the resolutions of our 10th party congress and has kept issuing further tasks for their implementation.

The party executive has been mainly concerned with constantly improving party work so that our party can meet its growing coresponsibility better all the time. The party executive and its presidium drew conclusions from the resolutions of the SED Central Committee, the People's Chamber and the Council of Ministers, the Central Democratic Block and the National Council of the National Front of the GDR and took a stand on all important events in the GDR and on the international level.

The thorough analysis of the historic resolutions taken at the 10th SED Congress was of outstanding importance to our party work. At the conference of functionaries in Neubrandenburg in May 1981, thought also was given to how our party should help implement the historic resolutions of the 10th SED Congress with the strength of all members behind it. No doubt, that conference released important impulses for our membership's participation in the fulfilment and targeted overfulfilment of the 1981 national economic plan. Our members have also done much more in other public domains, especially in the National Front of the GDR. Last but not least, the creative analysis of the 10th SED Congress resolutions directly served the preparation of our own 11th party congress.

The central conferences sponsored by the party executive in the reporting period, the organized study of "Agra" and "Iga," and the periodic reports by bezirk and kreis secretariats to the presidium and the secretariat did a lot to improve our political-ideological work.

Constantly Strengthening Operational Activity

Colloquies, problem discussions, and distinct conferences and experience exchanges proved equally valuable. Such activities involved executive members of all levels, party functionaries, party members in agriculture, forestry and the foodstuffs industry, scientists, pedagogues, deputies, state functionaries, members of National Front commissions and members who had gained distinction in the protection of our socialist accomplishments and the spreading of intellectual-cultural life. These working methods have stood up well; they ought to be continued. Much altogether did we attain, but what we did attain is not yet all that is attainable. Still we have not overcome the tendency for a full-time party apparatus or another to be far too much concerned with itself. Operational activity thus has to be strengthened in every way.

This is what we may report to the 11th party congress today: Our DBD has grown further, politically, ideologically, organizationally. Since our 10th party congress, thousands of men, women and youths, especially also children of party members, have found their way into our DBD. Right now, 103,000 members are organized in 6,300 local and residential area groups. Some 72 percent of our membership, as one would expect, works in socialist agriculture. Women make up 30 percent of the membership. It is necessary for all executive committees to keep paying the necessary attention to the political-organizational consolidation of our party.

We know how closely our senior party members are linked with the party and in how much public activity they engage. No executive committee can do without their rich store of experience.

Through their efforts, full of sacrifice, they have helped laying the foundations on which our DBD became a strong and respected political force in our socialist society which, under SED leadership, fulfils its alliance obligation in honors and which also receives attention beyond the borders of our socialist fatherland. We thank those members cordially for what they have done and are doing.

The exchange of membership cards, as decided at the fourth party executive session, was of great political importance to further consolidating the unity and cohesion of our party. The party came out of it stronger, politically, ideologically, organizationally. Personal conversations have impressively confirmed that our members ever more consciously exercise their duties and rights in accordance with the party statute.

The party executive can report to the party congress that it has paid the necessary attention to improving cadre qualifications.

Our members and functionaries now have a higher cultural level. One-third of our membership has attended a party school. More than 92 percent has had technical training; 20 years ago, only eight.

Since our 10th party congress, the proportion of executive members in local and residential area groups having attended a party school has risen from 40 to 60 percent. Of the kreis executive members, 90 percent, and of the bezirk executive members, 95 percent have attended a party school.

Everyone knows how much responsible work there is for kreis first secretaries. And much does depend on how they organize and direct the work. We have a tried and tested collective of kreis first secretaries. Almost all of them are college or technical school graduates. They have attended lengthy courses at the party school and are seeking further skills in the process of daily work. They thus have all it takes to meet the new demands, together with the executive collectives and the political associates, that our 11th party congress is going to assign. And, as life has shown, they are successful in their work. Of course, they must continue to endeavor meeting the higher criteria in their leadership activity.

Our central educational institution in Borkheide and the others in Leipzig and Bad Kleinen have done well. Some 1,700 cadre graduated form them in the reporting period. The 10th party congress mission has been taken care of: Basics in the working class world-outlook were still more impressively conveyed, and the inevitabilities in social development, the GDR's farm policy and the lessons from history were treated more substantially and centrally.

Advances were mainly due to an ever more effective combination between a streamlined direction of the process of political training and advanced training and a consistent work in party education.

Higher qualitative criteria for the political training and advanced training of our cadre at the central educational institution now demand that the scientific world-outlook of the workers class, the SED's and our socialist state's policy, and the advantages, values and impulses of real socialism be still more soundly and relevantly propagated. Sure enough, the resolutions of our 11th party congress and of the 12th Peasant Congress will have to be analyzed on a higher plain in all the courses of our cultural and educational work.

We also consider it indispensable for the history of the DBD to be included in the curriculum. Thereby we shall enhance the pride in what the party has done and is doing.

The 3-week courses of the bezirk and kreis executive committees have turned out to be an effective form of training and advanced training, especially for the volunteer executive cadre in the kreis and local executive groups. This way we have trained 12,550 members since our 10th party congress. This is quite something for our kreis executives to have accomplished. We thank all those who took part in it and assisted in it.

General rules in this respect, we think, should be drawn from the experiences of the Rostock Bezirk executive committee. We must, no doubt, constantly seek to raise the theoretical-ideological level of lessons, seminars and self-study.

The unity of knowledge, conviction and creative deeds must still be strengthened among the attendants. We agree with the view of kreis executive committees that they should get more theoretical-ideological support from the party executive committee.

Cadre selection should become more consistent and conform more with the kreis executive committees' cadre development programs. More attention should be given to women and youths in our membership and, of course, the kreis and local group executive committees must help our women more than they have done so far.

Our party organ, BAUERN-ECHO, has met well the demands made on a socialist press organ as a collective propagandist, agitator and organizer.

We think our members on the editorial board of BAUERN-ECHO should see to it that the quality of their reports and arguments is improved. There must be a more effective way of popularizing our socialist accomplishments. Also, more full-time party functionaries and farmer-correspondents should express themselves in the BAUERN-ECHO.

We agree with all members who expect the BAUERN-ECHO to come out regularly. We shall seek to make the proper changes about this.

DER PFLUEGER is a valuable adviser on party work. It helps in generalizing good experiences and good advances made in conveying sound knowledge to our functionaries. The editorial board ought to work systematically on further raising the theoretical level of our organ for functionaries.

More Rapidly Generalizing the Experiences of the Best

Bezirk executive committees are collectives of skilled functionaries. There is now a higher collectivity and personal responsibility, as an indispensable condition for management activity, for a realistic and objective approach to the implementation of tasks. They are trying harder to implement in a complex manner the tasks assigned by the party executive in their unity of politics, ideology, economics and culture. The best results in this have been achieved by the bezirk executive committees of Halle, Erfurt, Frankfurt/Oder and Schwerin.

The conceptual and analytical work of the bezirk executive committees and their secretariats was further improved. We should like to direct their attention at more systematically still helping those kreis executive committees whose leadership activity is not yet up to par.

All kreis executive committees have made headway in their work, if not with identically good results. They are more realistic and constructive in the manner in which they approach their objectively higher tasks. The kreis executive committees are having ever better success in making political-ideological work the focus of their activity.

We do of course not overlook the disparities, which actually are not necessary. We must more rapidly generalize and enforce the experiences of the best. Many kreis executive committees take it for granted by now that each member assumes a concrete mission and assists on a priority basis in the local and residential area groups. The kreis executive committees have to take further steps ahead in providing an improved accountability for their leadership activity. That also makes for a higher level of analytical work they do.

By far most kreis executive committees also regularly assess the situation in their areas of responsibility. They know the opinions of their members and so can politically react faster to topical events. They attach sufficient importance to the development of intra-party democracy. They practice comradely criticism and self-criticism. In their collective they help resolve tasks still unsettled in the territory. They seek to overcome more rapidly the still existing disparities among local and residential area groups. They want the kreis association to be up to its tasks.

A collective approach to the implementation of party resolutions conforms with the norms of party life. Such a management style, not last, also conforms with the members' greater intellectual demands. Executive committees should always keep in mind: Our members are politically and technically highly educated who consciously share in the shaping of their socialist life. That is why work always has to be organized in such a way that this fact is always taken account of and all members are drawn into active party work. Thereby we keep in mind the complexity of our shared responsibility for the commonwealth. We ourselves feel politically responsible for the high achievements of the more than 70,000 members working in socialist agriculture. But among the tasks our executive committees have also is to concern themselves more with the members who are working for the further consolidation of the GDR in forestry and the foodstuffs industry, in inland fisheries, in water management, in state and economic management organs, in science institutions outside of agriculture, and in the fields of commerce and of the crafts and in other domains of public life.

Further Shaping a Militant Stance

It counts now more than ever in our political-ideological work to deepen our members' knowledge of the inevitabilities and interconnections in our country's development and in the class conflict with imperialism.

What matters is to bring fully into their own our socialist patriotism and internationalism as an irrevocable basic stance and essential impulse for selfless work and high achievements for the strengthening of real socialism and of peace.

What matters is to enable every member so he will help create in his work collective the kind of political climate in which initiative, creative contest and great dedication can flourish.

The content and effectiveness of ideologial work thus must be aimed at further developing in the members such features as a militant stance, firmness of principle under any conditions, and the personal readiness to contribute to a high economic performance increase.

The party school year holds a high rank in our political-ideological work. It gained in theoretical profundity and relevance to life and encouraged the initiatives and activities of the members in production and in other public domains. Much headway was made especially in the bezirk associations of Dresden and Neubrandenburg. We think highly of the share the 6,000 seminar leaders, kreis training activists and training leaders have had in it.

We are sure the volunteer training cadre will help still more purposefully in surmounting still existing disparities in the political-ideological levels of local group training and in the members' involvement. It also is important further to improve the quality of kreis seminars and raise the responsibility the local group executive boards themselves have for well prepared training and all members' participation.

In our training we must increase a frank, constructive and interesting exchange of thoughts and views about the basic social issues of our time. All members must still more be politically and ideologically focused on the requirements of the 1980's under which the continued shaping of the developed socialist society in the GDR takes place while the class conflict is intensifying.

Resolute Implementation of Party Resolutions

We are gratified to report to the 11th party congress that our party has a large collective of well trained, politically tested and experienced functionaries. They are doing responsible, idea-rich and unselfish work. Their purposeful political-ideological efforts, their combative and expert activity, and their effects as models set the tone for great dedication, activity and initiative on the part of the membership.

The cadre are the greatest treasure of our party which must continue to be carefully guarded and fostered with attention in the future.

What with all our accomplishments, we still must further shape among our cadre, mainly, such traits as an unshakeable class standpoint, richness in ideas and initiative, expertise and relevance to practical matters. That also includes the willingness to take care of party missions where social requirements make that necessary. The measure for the work of each functionary is how and with which results he translates party resolutions into action.

With greatest care and foresight, all executive committees have to set down the requisite measures for our members' training and advanced training. We must consider more than we have done delegating some to the colleges.

Not all bezirk executive committees have fully met their responsibility in cadre training. Opportunities open to us for studies must be made use of more consistently.

Here also women and young party members must receive more attention. In this connection, the bezirk executive committees must not lose sight of systematically training new full-time functionaries and training members for other executive functions.

Many young party members have in recent years excelled in their efforts at implementing the party resolutions. The executive committees should always keep their systematic promotion, training and education in mind. Certainly, working with our young members requires patience, the strength of conviction and a truly comradely relationship. Certainly, one's own example and the needed consistency of senior colleagues are of inestimable importance. We should more courageously start entrusting bigger tasks in the party and other social domains to young party members, though.

In short: In the cadre work of the executive committees, starting with the central executive, more systematic planning, continuity and foresight are needed. Vivid and target-directed work with the cadre, a prescient training for new capable functionaries, is no doubt a main concern in the executive committees' management activity.

Ambitious Tasks Challenge and Shape Each Member

The work each member does in the local and residential area groups determines the success in the implementation of the party resolutions. By and large the kind of combative atmosphere has been created that mobilizes all members for high dedication.

A higher level is found now of political-ideological education in the monthly membership meetings. A thorough explanation of the party resolutions and a frank debate on the most effective ways of implementing them have become regular procedure in almost all local and residential area groups. In the membership meetings members engage in an open and frank exchange about all matters that concern them. Here they get advice, and here they ensure unified actions taken by the whole collective of their local group. Yet we do not ignore the fact that some local and residential area groups must still pay more attention to this formative and mobilizing value of party education.

The presidium has come out with a resolution that advises the local and urban residential area groups on how they can still better meet their overall social co-responsibility in urban residential areas. Here also applies the following: Ambitious and accountable tasks challenge and shape each member. In principle it has also been found confirmed in the urban groups--and more than 20 percent of the membership belongs to urban groups, after all--that the quality of intra-party life greatly depends on the involvement of all party members.

Working With Party Commissions--An Effective Management Method

As our party work has confirmed in practice, accountable assignments and a systematic control of them in each membership meeting greatly affect political results. We think it is right for the executive committees to present status reports to membership meetings regularly.

Assigning party commissions is becoming ever more the rule in our party work. In the outcome of the party elections, more than 30 percent of the membership received party commissions. They are increasingly concentrated on focal points serving the enforcement of the economic strategy for a high economic performance growth and help improve party work.

Working with party commissions should become more and more of a regular procedure in the work of the executive committees' management, as is already the case, mainly, in the bezirk associations of Suhl, Potsdam and Leipzig. A target-directed work with party commissions, which also takes into account the members' personal interests and inclinations, turns out to be a very effective method to implement party resolutions.

An essential prerequisite for further elevating our party's fighting strength is a greater refinement of the work done by the local and residential area group executive boards. Their members are politically and technical skilled party-conscious colleagues. Most of them have attended a party school, and all of them are skilled specialists, 31 percent women, 7 percent young people.

Party work in the local and residential area groups by and large depends on the knowledge and skill of the chairmen. Their effect as models and their ability to develop collective leadership activity purposefully and systematically are essential for local groups to fulfil the party resolutions.

The work of those chairmen must still be looked at more carefully by the bezirk and kreis executive committees, in conformity with the great attention the central executive pays to these members. With that have to conform the uniform monthly political briefings by the kreis first secretaries, as was emphatically demanded at the kreis delegates conference in Saalgerhausen by colleague Ernst Goldenbaum. Particularly good advances have been made in this by the bezirk associations of Karl-Marx-Stadt, Cottbus and Magdeburg.

Relying on our experiences thus far, we must still pay more attention to combining sensibly skilled political direction with advanced training. So the briefings by the secretariats must be conceptualized in the collective in good time and politically be more thoroughly prepared. We welcome the step taken by some kreis executive committees that started scheduling such a briefing for a definite day during each month.

Attacking Great Targets With Fighting Spirit

The high requirements for the 1980's demand steadily elevating the level of party work.

Good party work calls for creatively implementing with the strength of all members the party resolutions in their unity of politics, ideology, economics and organization, concretely related to the territory.

Good party work is well directed and aggressively conducted political-ideological work, oriented to priorities, to enable the members to solve the ambitious tasks in the continued shaping of the developed socialist society in the GDR.

Each member must still be made more aware of the weight of his own efforts for improving the GDR's economic efficiency and of the fact that his contribution serves to strengthen socialism and, hence, to secure peace.

A political management priority for the executive committees is to explain to all members the new conditions under which the political, economic and social targets of the five-year plan and of the 12th Peasant Congress have to be met.

Establishing and resolutely accounting for ambitious targets instills great activity and discipline into the membership. That strengthens collectivity, promotes criticism and self-criticism, and raises the members' personal responsibility in the efforts at enforcing resolutions taken. The work with party commissions, as already stated, plays an important role in this.

An atmosphere of creative activity and high dedication is brought about if the colleagues' collective debate on ambitious yet realistic goals bring out attentive responses to suggestions and criticism and honesty and sympathy for personal problems in the party life of local and residential area groups.

The more concretely and frankly things are done in the meetings and the contribution by a member to the implementation of the resolutions is judged, the more will our party meet its coresponsibility. That will also help, no doubt, in overcoming unjustified disparities among levels in party work.

Good party work means more deeply still implanting in our membership an irrevocable friendship with the Soviet Union, and the spirit of socialist patriotism and internationalism in thoughts and actions, engaging without compromise in the confrontation with imperialist ideology, especially with anticommunism and anti-Sovietism, and exercising active solidarity with all peoples fighting for social progress.

Good party work calls for constantly elevating the level of education and training and for persuasively and profoundly presenting the values and advantages of socialism.

Good party work is high-level intra-party life in the local and residential area groups that has a strong social impact, particularly in terms of an active political participation in the work of the National Front of the GDR and in other public domains.

All experiences in successful party work indicate that consolidating our party's fighting strength and each member's active political participation greatly depend on how the local and residential area groups implement the central executive committee resolutions and adopt the statute as the norm for party life.

Membership meetings have the strongest influence on intra-party life. The highest organ of the local and residential area groups, they are the chief channels for the members' education, information and culture. They are forums for exchange of opinions and debate. Here they collectively confer, decide and control the transformation of the central executive committee resolutions into action.

A DBD member distinguishes himself by incessantly contributing to the consolidation of socialist state power and to the defense and protection of our socialist GDR.

To be a member of the DBD means to be politically steadfast in any situation, attacking lofty goals with fighting spirit, passionately advocating the new, resolutely overcoming obstacles, and acting honestly, modestly, with self-assurance and sensitivity.

We DBD members are proud of our socialist GDR, which we helped build, and in which the people own what their own hands have created.

We are proud of our socialist fatherland, linked forever and inseparably with the first workers and farmers power in the world, the Soviet Union, and deeply anchored in the socialist community of states.

We DBD members are proud of taking part in the shaping of the developed socialist society under the leadership of the workers class and its Marxist-Leninist party, the SED, whereby to create fundamental prerequisites for the gradual transition to communism.

At our 11th party congress, we are looking ahead. But a few days separate us from the 12th Peasant Congress of the GDR. That great democratic forum, our party being one of its buttresses, will be an important milestone on the path of the further implementation of the 10th SED Congress resolutions.

From the rostrum of our 11th party congress we confirm, with the DBD members pledging their word to it: "The workers class and its Marxist-Leninist party and our people always can rely on us."

Our DBD will prove by deeds a reliable companion and fellow-combatant of the SED in solving the ambitious tasks of the 1980's.

Ahead to new successes in the struggle for the noble cause of socialism and peace!

Long live the leading force of our socialist society, the SED!

Long live our socialist fatherland, the GDR!

Long live our DBD!

Congress Resolution

East Berlin BAUERN-ECHO in German 12 May 82 p 3

[Official text of "Resolution of the 11th Congress of the Democratic Peasant Party of Germany"]

[Text] The 11th Congress of the Democratic Peasant Party of Germany (DBD) approves the report of the Central Executive Committee delivered to the Congress and declares the tasks and conclusions contained therein the binding basis for the work of all executive committees and members.

The DBD, a force acting under socialism and coshaping socialism, will, through the work of all members, continue in the future, while proceeding from its overall social coresponsibility, its independent contribution to the all-round strengthening of the GDR, the positions of real socialism, and peace.

The highest forum of our party confirms: The important resolutions of the historic 10th SED Congress are the campaign program for the 1980's to all DBD members. They will champion their implementation every day by word and deed and struggle with rich ideas and high dedication as responsible fellow-combatants. We shall more broadly spread still all available potentials in helping to instil life in the resolutions of the 12th Peasant Congress of the GDR, rapidly and extensively. They too will mark the center of our further political efforts.

DBD members will under all conditions face the challenges of our time and always prove reliable companions and fellow-combatants of the leading force of our socialist fatherland, the SED.

I

The DBD's political work will continue to be marked by the unshakeable trust of all its members in SED policy, aimed at the well-being of the people and the safeguarding of peace, and in our socialist workers and farmers state. The DBD declares its firm resolve to be a responsible coshaper of the developed socialist society in our country, in alliance with the workers class and under the leadership of its party, and united with all forces in the Democratic Block and the National Front of the GDR.

It is and remains a compelling mission for each DBD member always to dedicate himself to the deepening of the GDR's indestructible fraternal alliance with the Soviet Union and to firmly anchoring our republic within the socialist community.

In our political-ideological work, the friendship with the Soviet people is to be deepened further, and the historic achievements of the Soviet Union as our people's liberator from Hitler fascism, and as the banner carrier for peace and social progress, have to be taught extensively and relevantly. That also applies to the very many different things we have in common and their importance and benefit for our peoples and for the progress of humanity.

The DBD without reservation endorses the peace policy of our workers and farmers state. In view of the boundless arms-buildup and confrontation policy of the most aggressive NATO, particularly U.S., circles, it reiterates its firm resolve to aid as best it can the rigorous struggle by the GDR and the other countries of real socialism for peace, for enforcing the peaceful coexistence policy, for detente and disarmament, on the basis of the peace program of the 26th CPSU Congress, the subsequent initiatives from L. I. Brezhnev, secretary general of the CPSU Central Committee and chairman of the presidium of the Supreme Soviet of the USSR, and the peace concept of the 10th SED Congress. We demand a definite end to NATO's missile plans and to threatening the peoples by imperialist arms-buildup and confrontation.

Our coresponsibility to the preservation of peace demands of us to turn back with all determination any attempts by the most aggressive NATO circles further to exacerbate the international situation by threats and violence, instigations and slander, boycott and blackmail. We are taking issue, aggressively and without compromise, with the anti-human policy and ideology of imperialism, mainly with anticommunism and anti-Sovietism, with its ills and crimes against mankind and peace.

The DBD emphatically endorses the standpoint of the GDR that GDR-FRG relations first and foremost have to be ruled by their joint responsibility for the safeguarding of peace and the unconditional respect for the principles of international law. The words of Erich Honecker, secretary general of the SED Central Committee and chairman of the GDR State Council, not to permit that war will ever again emanate from German soil, are a compelling mission to us.

We always resolutely oppose any illusory notions about special relations between the FRG and the GDR, which mean to cloak the survival of revanchist ambitions in the FRG. It remains an important concern of political-ideological work to unmask implacably the dangerous intrigues of the most aggressive FRG circles. We have to uncover the contradiction existing between quite some high-sounding phrases from FRG politicians and their actions against peace.

The 11th party congress orients all executive committees to the further molding of the party members' thoughts and actions in the spirit of socialist patriotism, internationalism and solidarity. This basic attitude must be brought fully to bear as an important impulse for selfless work and high achievements for strengthening real socialism and peace.

The DBD will continue to promote the fraternal relations between the GDR people and all peoples in the socialist community and the process of their continuing rapprochement. It will develop further its contacts with peasant parties and organizations that hold peace and security dear.

Our solidarity and support go to the liberated African, Asian and Latin American states struggling against imperialism, neocolonialism and racism and to all fighters for national and social liberation.

II

The DBD considers it its most important political concern to contribute to the further political, economic, cultural and military consolidation of our socialist workers and farmers state through developing our members' creative initiatives and capacities.

Incessantly we are seeing to it that the universal inevitabilities of the socialist revolution and of the construction of the new society, and the values, advantages and achievements of real socialism more and more govern the awareness and conduct of each party member.

The political power of the workers class and of the class of the cooperative farmers that is allied with it, of the socialist intelligentsia and the other working people

is and remains the most important, the cardinal issue of the socialist revolution. We always let ourselves be guided by that the objectively growing leadership role of the workers class and its party, the SED, is the basic condition for a continued smooth social development in our country. We shall always preserve, reinforce and further develop these cornerstones of socialism and help defend them against any assault.

The 11th DBD Congress fully supports the 10th SED Congress decision to carry on the political course of the main task in its unity of economic and social policy, even under the changed conditions, with all determination. All members are called upon to regard the economic strategy for the 1980's--pointing the way to high economic performance increases and an unprecedented growth of efficiency--as a political task of the first rank, and to use it as a yardstick for what they do. That is a critical testing ground for our continued active participation in the implementation of the SED's alliance and farm policy.

As a cosponsor of the 12th Peasant Congress of the GDR, our party is duty bound to making the resolutions from it its own business and help implement them through our members' exemplary achievements, initiatives and creativness, in order stably to supply our population with foodstuffs and our industry with raw materials at an ever increasing rate, reduce grain and livestock feed imports, and increase its contribution to the national income. Furthermore, we have to give our best through socialist emulation, under the slogan, "High economic growth through rising productivity, efficiency and labor quality—All for the good of the people and for peace." The party members are called upon to create an atmosphere of political struggle for it that conforms to the high criteria of the 1980's.

All effort is to be concentrated on the fulfilment and targeted overfulfilment of the 1982 national economic plan and the 1981-1985 Five-Year Plan. To produce more, better and more cheaply, and to accomplish more with what we have--that must be the leitmotif of all party members' daily work. Of decisive importance is the struggle for highest yields from farmland and grassland in all cultures, mainly an utmost production increase in grain and fodder. We are seeking greater achievements in the pens with an altogether greater efficiency and better qualities in agricultural production.

The 11th party congress counts on an energetic participation by all members in the all-round consolidation of socialist production relations and for improving the effectiveness of the cooperation councils. Fully using and bringing into their own the advantages of cooperation demands that all partners fully exercise their responsibility. We must also tap all reserves in our social labor capacity, fully apply the principles of socialist industrial management in their complexity, and spread cooperative democracy wide.

In conformity with the interacting chain of soil-crop-animal-soil, we have to see to it more definitely that the crop and animal producers work still more closely together in their unified reproduction process and that territorial aspects play a greater role in production and labor organization.

Foodstuffs and agricultural raw materials are gaining a higher place value than ever in strengthening the GDR and in the international class conflict. We therefore appeal to all colleagues in the LPG's and GPG's and their cooperative facilities and other enterprises in agriculture, forestry and the foodstuffs industry, and to those who work in agronomy, to help with rich initiatives and creatively in implementing socialist intensification and rationalization at a new quality, as the chief means for successful performance improvements in agriculture, and in more closely still combining the advantages of socialism with the accomplishments of the scientific-technical revolution.

Scientific-technical progress has to be a first-rate political concern in the struggle for high performance and efficiency improvements.

Best experiences must be broadly applied and unjustified disparities in performance and efficiency levels, rapidly overcome. Each must feel personally responsible for that the soil, the basic assets and all funds are used still better, specific expenditure per commodity unit is reduced and costs are brought down. Losses must be counteracted without compromise, and fodder and energy sources must be used rationally.

The 11th party congress directs the attention of all executive committees and members at the all-round fashioning of the developed socialist society's culture and way of life. Greater importance must still be attached to the communist education of the young generation.

The "work, study and live socialistically" movement, popular art, and the development of physical culture and sports in the collectives and villages have to be further encouraged, mainly through funds and means of one's own.

We advise all executive committees to lend still more effective political-ideological aid and assistance to members working in the people's representations and their organs, the commissions of the National Front of the GDR, and other social organizations.

The civic responsibility each DBD member has to the commonwealth demands that he think along still more thoroughly, work along deliberately and exercise exemplary state discipline, in feeling personally responsible for the spreading of socialist democracy and advocating more consistently law and legality, order, security and political vigilance in the enterprises and territories.

The 11th party congress calls upon the executive committees to do what they can in boosting the DBD's contribution to the military strengthening of our socialist workers and farmers state and in always actively supporting its measures in military and security policy.

All members have the patriotic and internationalist duty always to fulfil in honors the tasks for the protection and defense of the socialist fatherland, particularly also in the civil defense organs.

In implementation of the action program of the National Front of the GDR up to 1985, it is the task of our executive committees and members always actively to

help the National Front of the GDR prove itself a truly socialist people's movement, a National Front for Peace. We must help create politically functional National Front commissions everywhere and increase our participation in them.

Through the contest, "More beautiful towns and communities--Join-in!" we aim our activities on a priority basis at tapping local reserves for further improving the housing conditions and beautifying the environment. We help maintain, foster and augment everything that makes village life more beautiful and substantial.

III

The 11th DBD Congress assigns all executive committees the task further to improve all party work through better management activity and to equip all members politically and ideologically so they do their best for the all-round strengthening of our socialist fatherland and the safeguarding of peace and thereby further strengthen the fighting capacity of the local and residential area groups.

Through raising the level of political-ideological work, the ideals of the working class must still be more deeply and purposefully implanted in our party members, their socialist and internationalist consciousness and their class pride thereby being further developed. It is important further to consolidate the political-ideological and the political-organizational unity and cohesion of the party.

Through a consistent application of the norms of party life, vivid and interesting party work is to be developed that involves all members in all local and residential area groups. Special attention is warranted for the political-ideological, open and constructive, exchange of views and opinions in all membership meetings and training courses. The experiences of the best must still be more comprehensively and compellingly generalized. Personal talks and the work with party commissions have to become regular procedure in management activity everywhere. We have to struggle tenaciously for the complex implementation of the party resolutions in their unity of politics, ideology, economics and culture.

Work with the cadre, their precautionary formation and steady training, is a key problem for successful political activities of our party. Mainly such traits are to be further developed in the cadre as an unshakable class standpoint, revolutionary fighting spirit and the power of conviction, a constant striving for more education, richness in ideas, initiative, expertise and practical relevance. It is expected of them that they fulfil the party assignments wherever social requirements make them necessary.

That calls for steadily raising the theoretical-ideological level of the party's cultural and educational work, making it more effective and exhausting all inherent opportunities. The values and advantages of socialism have to be presented convincingly and profoundly.

From the rostrum of our 11th party congress we announce:

The working class party and the people of the GDR can rely on the DBD members at all times, in every situation. Also in solving the ambitious tasks of the 1980's, they will prove reliable and close companions and fellow-combatants of the SED and do their best for the all-round strengthening of the GDR, for the noble cause of socialism and of peace.

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FURTHER DEVELOPMENT OF COAL ENRICHMENT PROGRAM OUTLINED

Leipzig ENERGIETECHNIK in German Vol 32 No 5, May 82 (manuscript received 11 Jan 82) pp 161-167

[Lecture by Wolfgang Mitzinger, economist, engineer, GDR minister for coal and energy, given at the 22d Briquetting Technology Colloquium of the Brown Coal Briquetting Department, Scientific-Technical Society for Energy Management, in conjunction with Freiberg Mining Academy and the Karl-Marx-Stadt Bezirk Executive Board of the Chamber of Technology (KDT), on the occasion of the 80th birthday of Prof Dr Erich Rammler, engineer: "The Further Development of Coal Enrichment in the GDR on the Basis of the Resolutions of the 10th SED Congress." A translation of the East Berlin EINHEIT article by Dr Horst Wambutt, SED Central Committee economist, cited in Footnote 3, is published as part of a series of related items under the heading, "Industry, Agriculture to Focus on 'Enhanced Refinement,'" in JPRS 79045, 23 Sep 81, No 2178 of this series, pp 67-90 (subheaded 'Domestic Raw Materials,' pp 73-81). With regard to Footnote 7, citing the SED CC's seminar for combine general directors and party organizers, held in Leipzig, 27-30 April 1981, translations of two East Berlin EINHEIT articles are published under the following quoted headings in JPRS 78885, 1 Sep 81, No 2167 of this series: "Mittag Urges Combines to Economize, Raise Production" (pp 64-76), by Guenter Mittag, the party's economics chief; and "Combine Directors, Party Organizers Discuss Economic Strategy" (pp 77-83), by Professors Gerhard Friedrich and Willi Land of the SED CC's Central Institute for Economic Management. Also available is a translation of excerpts from Mittag's concluding address to this year's seminar (8 April 1982), likewise held in Leipzig, published under the heading, "Mittag Addresses Combine Directors on Management Tasks," in JPRS 81339, 22 Jun 82, No 2296 of this series, pp 7-24]

[Text] Conferences on briquetting technique have a long tradition and always were the high points in scientific activities at the Freiberg Mining Academy. They have become the meeting points of experts from at home and abroad where experiences and results of the latest scientific works in many fields of the coal and energy industry are being exchanged and where tasks of coming development phases are the object of discussion. We combine the 22nd Conference on briquetting technique with a further analysis of the resolutions of the tenth SED Party Congress on the tasks of the energy industry during the 1980's and we are happy that we can do that in the presence of the highly meritorious

mentor of coal refining in the GDR, Prof em, Dr-Eng, Dr-Eng h.c. Erich Rammler whose 80th birthday we were able to celebrate with him on 9 July 1981.

In the statements on the development of coal refining in the GDR and the tasks connected with this, we might point out that the energy industry's complex tasks were spelled out after the Tenth Congress of the SED on the occasion of the 1981 mining and smelter conference.

1. The National Economy's Refining Strategy

In the economic strategy for the 1980's, as adopted by the Tenth SED Congress, the increased refining of raw materials and fuels assumes a central position. It is increasingly becoming the very focus of the output increase that is required for the further accomplishment of the primary mission in its unity of economic and social policies. This national economic output increase must be achieved with only slightly increasing, steady, or even declining assets and resources of individual raw materials and fuels. By increasing our refining effort, we can best meet the requirements arising from the more severe foreign trade conditions and from altered natural conditions at home.

In the SED Central Committee Report to the Tenth Party Congress, Comrade Erich Honecker, secretary general of the party's Central Committee, observes the following in this connection: "Our attitude on the growth of social production does not mean that we disregard the objective changes of its prerequisites. But the response cannot be a renunciation of growth rates. In line with our concept, they must instead be achieved more consistently with the help of qualitative growth factors."

In this sense, the maximum possible refining of the output is a national economic program which in all branches, combines, and enterprises must lead to increased new value formation through improved work. No matter how significant the technological changes of the work object may be from one refining stage to the next, the decisive criterion for increased refining is the increase in the new value to meet the requirements of the national economy and the population through the more intensive utilization of the scientific-technical and educational potential of our country (3). Increased refining includes the development of qualitatively new and high-grade products with small material and energy utilization as well as the introduction of new technologies and the most economical possible use of all material assets. Increased refining is not an end in itself; its criterion is the attainable economic result, the increase in the performance in commodity and net production and the reduction in specific material consumption. This must also be expressed in the export effectiveness of the products. The main criterion in refining is the general national economic benefit which springs from the expenditure calculation and which also determines the most effective refining stage.

The main goal of the refining strategy is the complete and effective utilization of domestic raw material and energy resources. The refining of brown coal and efficient energy use assume a priority position here among the processes that determine the structure of the national economy because they create

prerequisites for increased refining in important branches of the national economy, for example, in the chemical industry, and they constitute an economical alternative to the abruptly rising expenditure increases connected with raw material imports.

Raw materials account for 55 percent of the national economy's import volume. These huge raw material imports must be accomplished under steadily declining foreign trade conditions. The export price index of the capitalist countries rose to a total of about 500 percent in 1979 as compared to 1970 for raw materials and it went up an average of as much as 800 percent for mineral raw materials. The corresponding indicators for raw materials that are most important in the energy industry amount to 1,600 percent for petroleum, 560 percent for coke, and 330 percent for hard coal.

As we know, we import these raw materials according to the CEMA price formation principles still in a more favorable fashion but in the case of imported natural gas, hard coal, and hard-coal coke, we must between 1980 and 1985 assume rising prices in keeping with these principles.

In line with the observations of the Tenth Party Congress, we are thus dealing here with objective changes in the conditions for national economic growth in the case of imported energy sources and in the case of our own resources.

As we know, brown coal deposits in the GDR are already being mined with a minimum effort in terms of opening the mines and extracting the coal. Increasing mining depths, constantly deteriorating AR:K [Work: Power?] ratios, rising water volumes, and additional surface area requirements during the 1981-1985 five-year plan alone will call for additional expenditures amounting to about M 2 billion.

These foreign and domestic factors had to be considered to the fullest extent in determining the basic direction of the coal and energy industry's refining strategy.

2. Coal and Energy Industry's Refining Strategy

The refining of products, the intensification of the production process, and the more efficient development of technologies must enable us to achieve the more effective utilization of energy sources coupled with a simultaneous essential improvement in the expenditure-benefit ratio in the production and supply processes and that is something that applies also to the GDR.

On that basis we face the following requirements for the coal and energy industry's refining concept; these requirements are available in detail for the 1981-1985 five-year plan and form the point of departure for a long-term refining strategy up to the year 2000 on which we must continue to work together with the scientists and the practical operators.

1. Through the consistent implementation of efficient energy use as the main way to cover rising energy needs, we must guarantee national economic growth and the full supply of the population with an available increase in primary energy and utility energy amounting to less than 1 percent.

To implement this line, it is necessary, between 1981 and 1985, to make savings effects totaling 150-160 million t of raw brown coal equivalent useful in the entire national economy and to more than double the 1985 energy savings compared to 1980. For this purpose we must above all make comprehensive use of the reserves in waste heat and yield energy utilization as well as heat pump employment and we must introduce production processes as well as products on a high energy-saving level. By using strict, scientifically justified energy source quotas for the combines and enterprises, we must continue to support the most economical possible and the most efficient possible energy use.

2. The tempo of procuring and using our own resources, especially raw brown coal, must be stepped up.

The annual extraction increase must be adjusted with at least 2.4 percent to a multiple compared to the rise in the primary energy yield. Along with this, we must increase raw brown coal extraction, according to current calculations, to about 295 million t by 1985 and thus beyond the goals spelled out in the directive of the Tenth Party Congress, as a result of which the share of raw brown coal out of the primary energy yield will rise to about 70 percent.

As the second way to expand the primary energy base, we must increase the nuclear energy share of electric energy generation to 12-14 percent by 1985.

3. By replacing imported energy sources with domestic raw brown coal, we must make a significant contribution to relieving our foreign trade balance. Through the comprehensive substitution of imported energy sources we must decisvely reduce the domestic consumption volume between 1981 and 1985 and we must also relieve the balance of payments. We must stop the import of energy sources for energy purposes.

4. To guarantee the above-mentioned requirements, it is necessary further to increase the output of highly-refined brown coal products.

By 1985, plans call for brown coal briquette production to rise to more than 50 million t while the output of brown coal burning dust, especially for heating oil substitution, must be almost doubled compared to the 1980 level. Gas generation from brown coal briquettes and dry coal must be increased by about 10 percent and the production of BHT [brown coal high-temperature coke] must be raised by about 8 percent above all to replace imported hard coal coke.

The chemical industry's material management base must be further developed and strengthened on the basis of domestic raw materials through a growing supply of products of thermal brown coal refining, such as brown coal coke for synthesis gas generation, tar, light oil, phenols, and aromatic substances. The use of brown coal products for the materials economy must be increased from 7 million t petroleum equivalent in 1980 to 8 million t in 1985 and 11 million t after 1990. This last goal already contains a contribution from the synthesis gas generation method which is to be newly developed on the basis of dust.

5. The overall energy efficiency must continue to be kept on a level of 58 percent through a further reduction in specific energy consumption connected

with the energy conversion processes in spite of the negative influence deriving from the above-average rise in electric energy generation which, with a figure of 33 percent, shows the lowest conversion efficiency.

In the main processes of energy conversion, the specific charge coefficients must be reduced as least as follows by 1985 as compared to 1980:

For electric energy generation to	97.8%
For heat generation in thermal plants to	97.9%
For city gas generation in pressure generators to	97.5%.

6. The brown coal industry's exports, especially to NSW [non-socialist monetary area], must be increased rapidly through a growing share of refined energy sources out of the export volume. By improving ways in which the products are offered for sale, the brown coal industry must also make a growing contribution to the improvement of the foreign trade balance.

Overall, all measures of the refining concept, all scientific tasks, must be aimed at an essential improvement in all economic indexes. Our industry branch likewise very seriously faces the task of producing more effectively and with a lesser expenditure and achieving a greater end product by reducing the production consumption.

3. On the Further Development of the Coal Refining in the GDR

In the context of the general strategy for the implementation of the refining idea in the coal and energy industry, the important thing was, in drafting the national strategy for coal refining in the GDR, to meet at least the following requirements:

1. Consistent orientation toward national economic requirements and maximum effects.

2. Orientation toward fast solutions coupled with correct evaluation of future requirements.

3. Consideration of objectively available resources of raw materials (that is to say, brown coal) in the individual territories, as well as resources in the form of scientific-technical potential and investment power.

4. Full utilization of available experiences with conventional technologies of coal refining and their optimum use in the drawing up the long-range concept.

5. Maximum inclusion of existing plants and buildings in the development concept and combination of the further development of the main processes with all surrounding process stages.

Considering these premises, we drafted the tasks involved in the further development of coal refining in terms of:

Gas generation and refining,

Generation and use of solid fuels and raw materials,

Liquid product production and utilization,

Carbide production and utilization.

The use of national economic refining strategy in coal processing leads to the implementation of the following refining principles:

In-depth development of refining through the generation of energy sources, organic raw materials and miscellaneous mineral oil products with higher utility value properties for a steady domestic supply, for the substitution of high-grade imported energy sources and raw materials, and for the attainment of high export earnings.

Improvement of energy efficiency or the raw material utilization degree for the energy industry and material-industry process chains from coal extraction all the way to the use of the refining products.

Output increase in the coal refining plants through intensification with the goal of attaining a fast production increase in conjunction with the maximum use of available assets.

One thing that is very decisive in confirming the tasks involved in the further development of coal refining along these main lines is their national economic effectiveness.

The comparison of the expenditures necessary for coal refining with those necessary for the import of energy sources shows that--under the more severe foreign-trade conditions in terms of the development of energy and raw material prices as well as capital goods prices-- it becomes quite clear that the coal base is more economical in long-range terms than the use of imported energy sources and raw materials or the increase in imports of corresponding finished products. Although the numerical values still show a certain spread for objective reasons due to numerous necessary further statistical refining procedures, they are nevertheless suitable for the economic justification and selection of the main lines required for the further development of coal refining in the GDR.

Looking at gas generation, the refining of solid fuels, and the generation and use of liquid products, we are dealing directly with essential fields of activity of Professor Rammler in which he worked successfully from theoretical investigations all the way to large-scale industrial implementation. In using the attained scientific-technical progress level for the further development of coal refining it becomes very clear that we owe our honored Professor Rammler some trail-blazing achievements and at the same time a generation of experts who continue his work in a goal-oriented manner against the background of rising national economic requirements.

His scientific findings and experiences were an important prerequisite in enabling us to have an efficient GDR coal refining industry today; we can build on the development level of that industry and we can organize our work there.

The development of city gas generation and use is of priority significance in the national economy. At the Schwarze Pumpe gas combine, there are two technologies which form the basis of basic gas generation which, through the decisive contribution made by Professor Rammler, also helped promote the international reputation of GDR coal refining, along with oxygen-packet-bed pressure gasification and high-temperature coking of brown coal briquettes.

This task--assuming generator output increases of up to 50 percent--is a very demanding target. It can be accomplished because the planned output increase and the further development of pressure gasification are based on the following:

Concentrated research work--from basic research all the way to large-scale industrial testing;

Systematic expansion of the field of investigation and discovery through the inclusion of the most varied scientific disciplines;

Comprehensive team work with the Freiberg Mining Academy, the AdW [Academy of Sciences], coupled with the broad involvement of all production teams; and

Systematic transposition of results in conjunction with general repairs and reconstruction work.

Our scientists and engineers in the Schwarze Pumpe gas combine, the parent enterprise in this effort, and the Freiberg Fuel Institute have always been in the lead in this development process; they did not shirk any discussion, any difficulties, and they gained the confidence of the production teams through practical results on experimental generators. These production teams today have made the thoroughly complete implementation of all available results into their very own cause.

We expect the same commitment on the part of our scientists and engineers in connection with the accomplishment of the next stage in the further development of pressure gasification, that is to say, the direct use [direct charging] of freshly-mined or dried brown coal lumps in the generators. In implementing this idea, we can skip an entire process stage, in this case, briquetting. Work in this field must be continued briskly in 1982. In this way we are establishing criteria for work in the entire field of coal refining because skipping a process stage always guarantees the attainment of a higher refining stage along with declining production consumption. This is why we face the task of thinking through the entire concept worked out so far concerning the further development of coal refining in terms of discovering additional possibilities in that direction.

The development of a dust gasification method for the production of synthesis gas as a charge material in the chemical industry or as basis for the expansion of city gas production on the foundation of domestic brown coal, especially salt coal, is of great importance to the national economy. Here the attainable tempo in the further testing of the method will quite definitely decide on the general national economic possibilities for the increase in the production of chemical raw materials and refining products. The concentration of research personnel and investment funds so far establishes criteria for the conduct of research work during the 1980's. Only specifically goal-oriented manpower and fund concentrations, such as the very successful cooperation with many partners at home and abroad and a well-motivated fighting position for our research teams all the way to the construction and assembly teams at the construction sites for the erection of the experimental or pilot plant will be a guarantee for implementing the economic strategy of the Tenth Party Congress in the field of coal refining at a fast tempo and with good results.

The production and use of solid coal refining products form the second main line for the further development of coal refining. Their implementation is a national economic prerequisite for mastering the substitution of heating oil, natural gas, hard coal, and hard-coal coke. The increase in the output and the improvement in the quality, coupled with the optimization of the demand structure in the energy industry, in metallurgy, and in the chemical industry is considered a general objective in the solid fuel sector.

The broad range of implementation of refining technologies for solid fuels is very ambitious. It extends from the production of filter [screen] coal, fuel dust, and activated coal all the way to the further development of briquetting, of BHT coking, and of low-temperature carbonization technique.

The output of filter coal must be increased by one-half between 1980 and 1985 and the supply of fuel dust is to be almost doubled during the same period of time.

The increase in the briquetting capacity is of special importance. The reliable supply of the population, the replacement of imported energy sources, and the backup support for the necessary export tasks will depend on that. In this connection, the proven method of output increase in the existing briquette factories must be continued through reconstruction and modernization as the primary method. A qualitatively new level of briquetting must be achieved through the construction of the South Briquetting Plant in the Schwarze Pumpe gas combine which is to start production in 1985 according to the directive of the Tenth Party Congress. Here it must be possible to combine all of the research results worked out in recent years by our experts in processing technique, in drying, cooling, and pressing technique with the latest discoveries from measurement and regulator technique to achieve a new quality in a briquette plant.

The task is, through the implementation of these discoveries, to develop the labor productivity from the current level of 3-4 t/man.h to 10 t/man.h in this briquette plant.

The South Briquette Plant of the GSP [Schwarze Pumpe gas combine] thus must be an example for the way in which the productivity and also the effectiveness levels are raised fundamentally through complex implementation of scientific findings. In such cases it is also possible during the 1980's to make an investment which represents an extensive expansion of the field of production if a significant intensification is achieved parallel to that!

The production of pyrolysis-resistant briquettes for the production of high-strength lump coke, for the replacement of hard coal coke in the chemical industry and in metallurgy, assumes similar significance in the further development of briquetting and in the entire coal refining effort. In his interview(4)on the occasion of his 80th birthday, Professor Rammler stressed the following: "Brown coal contains more than we have so far been able to get out of it in technical terms. It will of course be necessary to penetrate more deeply into its molecular structures, the way my successors are doing now."

This observation is a specific example of the way in which new findings in basic research for the further development of tested technologies and methods with the goal of increased refinement of the end product can lead to considerable utility value improvements.

The erection of large-scale industrial pilot plants is provided for in the current five-year plan and must be carried out. In this way we can take another, decisive step toward the more effective development of BHT coking--a method which in recent years has already been further developed with good success. The implementation of this step must create new possibilities for the replacement of hard coal coke in the smelter and carbide process.

The development of BHT coking and carbide-acetylene refining, as a further main line in coal refining, are closely connected with each other.

Carbide-acetylene refining is a coal refining direction which has priority within the national economy and where so far only about 20 percent of the carbon charged, that is, BHT coke, come from domestic raw brown coal, if we do not consider the electric energy used in this case. Imported hard coal coke, used mainly as carbon source, represents a significant substitution potential for higher-quality BHT coke.

Along the lines of comprehensive higher refining in the entire process chain, GDR carbide production will be increased in long-range terms, imported hard coal coke will be replaced with BHT coke to the maximum degree, and the structure of carbide utilization for more highly refined chemical products will be altered.

To guarantee the process of substituting BHT coke for hard coal coke, it will be necessary to conduct scientific-technical cooperation in the GSP with the carbide industry with the objective of meeting the maximum carbon requirement for carbide production on a brown coal basis on short notice.

The procurement and utilization of liquid carbon byproducts from thermal coal refining constitutes a national economic task of the first order because of the possibility of direct substitution in place of petroleum products. The solution of this problem is an important prerequisite in securing the chemical industry's raw material base under constantly more acute economic-policy conditions in petroleum procurement. The entire process of liquid product production and utilization must be further developed in depth along the lines of the national economy's refining strategy in that high-grade chemical products must be turned out to a greater degree than has been the case so far.

In addition to the production of electrode coke, paraffins, lubricating oils, fuel components and plastics, this also involves the procurement of chemical raw materials from coal in small quantities; these are chemical raw materials which so far had been obtained only from petroleum. In accomplishing this highly demanding task, the emphasis is on liquid products production in the available technology of carbonization involving gas recirculation.

The production of tar from low-temperature carbonization is to be increased by 1985 at a faster rate than so far through the stabilization, reconstruction, and expansion of the low-temperature carbonization plants at Espenhain, Boehlen, and Deuben.

The scientific-technical measures must here be concentrated on all of the process stages which take place before and after the low-temperature carbonization plants in order completely to recover the coal byproducts contained in coal and to supply them for further chemical processing on a high-quality level.

The use of modern condensation and distillation methods all the way to process computer control in the coal refining plants, especially at the GSP, is to be implemented by guaranteeing a higher coal byproduct yield.

4. On Research and Investment Strategy for the Further Development of Coal Refining

The entire development line for coal refining, illustrated here, will take place in an intensive manner. In the area of the coal and energy industry, the implementation of the main lines of coal refining must become an example for the way in which the "intensification of existing technologies and methods is made the main route for increasing the social output to the required extent in terms of volume and character"(5).

All of these considerations on intensively expanded reproduction start with the idea that the following premises must be observed:

1. The amount of M 70 billion in capital assets in the coal and energy industry and the experiences of 248,000 mining industry and energy industry workers constitute a huge asset whose maximum and constantly more effective utilization remains a foundation of the economic strategy of our industry branch during the 1980's.

2. During the 1981-1985 five-year plan, no qualitatively new methods for energy source procurement and conversion will essentially be available on a large-scale industrial basis so that the entire output increase during that interval of time will have to be provided through the constant improvement, intensification, and rationalization of existing methods and plants, which means that this way is of decisive significance here.

3. We will not be able to tolerate any investments which merely retain the current level of production forces. Investments instead must open the way to high productivity and effectiveness for the future. "Investments must be the moving force of scientific-technical progress" and "they must rapidly make valuable scientific discoveries effective" (6).

That this way is correct and that, under the reproduction conditions of the coal and energy industry during the 1980's, it is the only possible one is proved by the results and experiences deriving from great intensification tasks in such plants as:

The Sonne, Beuna, and Schwarze Pumpe briquetting plants with output increases between 15 and 30 percent in recent years;

The intensification of the Schwarze Pumpe coking plant where output increases between 50 and 60 percent were carried out in accordance with the plan;

The mobilization of additional work output during the peak load times in our big power plants amounting to more than 5 percent; and

Output increase through reconstruction and remodeling on conveyor bridges and strip-mining equipment accomplished under the responsibility of the Brown Coal Plant Construction Combine.

The intensification results achieved and the additional planned lines of coal refining development are the result of a comprehensive and in-depth approach to existing technologies and methods. This effort must be continued. It is the key to the correct consideration of the above-mentioned premises and to the accomplishment of the tasks assigned by the Tenth Party Congress. There is a series of experiences and conclusions here deriving from work done so far which in the next several months must be made the basis of the way in which we tackle this effort.

I would like to address myself to the following three essential points:

1. Demanding intensification efforts cannot be achieved without specifically goal-oriented research work. Wherever goal-oriented research work was done in recent years, for example, in the fields of coal drying in the rotary drier, process research in the BHT coking process, the more in-depth theoretical understanding of the gasification process, it was possible--through scientific work and its consistent application via rationalization investments--to achieve definite output increases from these methods.

The lessons learned here tell us that it is necessary to do systematic and specifically goal-oriented detail work on our methods because all known processes of coal refining have been figured out to such an extent that output reserves can no longer be achieved on the first try. But detail work cannot be equated with minor, that is to say, low-level objectives in the scientific development of our methods.

To secure the necessary dynamic development of the national economy, we need particularly high targets in research work in the field of coal refining; we need creativity, ambition, the drive to pursue research, and a certain tempo in the modernization and effectiveness of our technologies. This means that our research teams must make great efforts. This is where genuinely creative work is necessary and this is where all new possibilities, given us by microelectronics, by mathematical modeling of processes, and other new elements, must be fully utilized.

The proven cooperation by various institutes of the Mining Academy with combines in the energy industry must be continued in this connection and the research objectives must be constantly updated, they must be restated, and they must be spelled out in more complex terms. Rationalization research and the simultaneous search for new action principles, the increase in the degree of automation with the goal of achieving and above-average labor productivity rise, improvement in efficiencies, environmental protection, as well as working and living conditions in plants designed for efficient maintenance--that is the true framework for the further development of conventional and new coal refining methods during the 1980's.

Through the government assignment for coal refining we are creating for ourselves a management instrument for the concentration of research and development work on the decisive tasks. Here we find to an ever greater degree that the concentration of research manpower on the one hand and the utilization of all possibilities of socialist team work on the other hand are decisive prerequisites for the attainment of the necessary tempo in research and development.

We have good experiences especially in the field of coal refining through the concentration of the scientific installation of the gas combine, the Freiberg Fuel Institute, on just a few system-determining tasks. Enterprise rationalization research with specific objectives is being stepped up in individual combine enterprises, above all in the parent enterprise, with in-house personnel, making extensive use of socialist team work with innovators and rationalization teams.

The experiences of other combines in the national economy show that such forms or organization and performance are practicable management methods for research and development so that their implementation in all combines of the coal and energy industry is on the agenda. The expansion of the material base for research, both through national and international cooperation, and through the systematic buildup of pilot plants, assumes equal importance.

The construction of pilot plants must more consistently than so far become the standard for in-depth research work. The requirement for the 1980's does not involve large-format studies and a flood of reports--mostly without any proven economic value--but rather demonstrably introduction-ready and transfer-ready results deriving from a solid material basis for research. The construction of pilot plants must be guaranteed in a consistent manner in material and financial terms through the coordination of the science-technology and investment plans.

2. Along with the further in-depth development of intensification, the role of technology as the science of production keeps growing objectively. In general, any scientific-technical progress becomes effective in production and in general terms only through technology and the level it has achieved. The implementation of intensively-expanded reproduction along the entire spectrum calls for profound technological penetration of current processes, the party-oriented approach to the level of all process stages, all interconnected primary, auxiliary, and secondary processes. The output increases achieved in many refining plants confirm this in a lasting fashion. Voluminous process analyses, very complicated task assignments for the reconstruction and implementation of rationalization on a high technological level along with the complete introduction of research results--these were the key to success; that is true of the briquette factories in Sonne, in Beuna, and at the gas combine's parent enterprise.

These factors gain in importance to the extent that the "measures for the development of higher stages of refining are taken strictly through intensification." The requirement to accomplish the tasks of the 1980's does not call for large-scale new structures but rather "changes in the technological processes and methods in existing buildings"(7). Absolute priority must be assigned to the renewal, modernization, and reconstruction of existing buildings(7)--as it says in the directive of the Tenth Party Congress on the 1981-1985 five-year plan--because after all the important thing is:

(a) To work out a thorough understanding of that which exists on a high technological level;

(b) To assign greater weight to concept work needed for planning the rationalization and renewal process at least during the five-year plan intervals;

(c) To plan the proportional development of all subsystems in a combine through optimum technological variations in such a manner that maximum effects can be guaranteed in the development of productivity and effectiveness.

All of these tasks are rooted causally in the main technology of our combines. Their accomplishment demands detailed process knowledge on the part of our technologists; it calls for subject knowledge on the development of the most important production cooperation partners in the construction industry, in machine-building, and in electrotechnology in order to be able completely to apply scientific-technical progress in these branches during reconstruction and to be able to influence their scientific-technical development and that of our own industry branch through task assignments from our main technologies

to a greater extent than has been the case so far. This means that the planned and goal-oriented advanced training of our technologists also assumes greater significance; this is one aspect of adult advanced education which we must still emphasize much more in our combines in the coal and energy industry. In the course of the basic and advanced training given to our technologists--but certainly also our comrades and colleagues in research and developments, our economists and other specialists--we must from the theoretical and practical viewpoints create clarity on such facts so that simple and intensively expanded reproduction will become closely intertwined. Simple reproduction is never the mere preservation of that which exists and "simple reproduction basically includes elements of expanded reproduction" (7).

On the other hand, the level of intensively expanded reproduction, in other words, the measure and level of effectiveness and production improvements, of output increase and the increase in the technical safety of plants, processes, and process stages through construction and intensification are quite decisively determined by the level of technological work and the way it influences scientific-technical work, the way it influences the drafting of investment documents, variations, and projects.

The level and complexity of the technological variations and their implementation clearly determine the economic results and thus, in the final analysis, the ultimate target function of socialist rationalization and intensification.

Summarizing, I would like to say that the production-preparing side, in which our technologies assume the most important position, will increasingly be decided through the complex implementation of all ten points in the economic strategy charted by the Tenth Party Congress for the 1980's.

3. The basic principles explained so far concerning technological work and work with our assets must be clearly reflected in the investment policy of our combines. The entire development of coal refining must take place on a priority basis along the road of intensively expanded reproduction as charted by the Tenth Party Congress. That is our mission! This means that rationalization and reconstruction investments with the very highest technical parameters, favorable expenditure benefit ratios, and the shortest practical implementation times must become the dominant element in investment policy in general and in the field of coal refining in particular.

I was able to observe here that this way has already been pursued on some points by the GSP and during the reconstruction of the briquette factories through our brown coal combine. The requirements for the economy of the 1980's are becoming stiffer. This is why we must basically start with the idea:

a) That the scientific discoveries worked out in connection with each reconstruction effort must rapidly be transposed into everyday practice;

b) That innovator work and other forms of socialist team work must be applied in a broader form in order to find the technologically most favorable and most effective solution through the employment of all capacities of our workers, engineers, and economists;

c) That the existing building inventory will continue to be used to the maximum degree; and

d) That high growth rates in final production, in labor productivity, in work station rationalization, and on environmental and safety questions, combined with the improvement of working and living conditions, will be worked into the projects in a considerably better way.

These tasks so far were solved best during the reconstruction of the coking plant at Schwarze Pumpe and in some briquette factories. Correctly carrying out the party resolutions in the field of investments however means penetrating considerably more deeply into the problem complex at least on two issues:

(a) The effectiveness of the investment funds used toward increasing commodity output, reducing costs, and making manpower available must basically be increased further.

The decisive criterion is the attainment of an investment rate of M 400-600 increase of commodity output per M 1,000 investments for refining investments. Attaining them and topping them is the necessary contribution of our industry branch to guaranteeing the entire national economic growth rate in commodity production from investments.

(b) The social standard of 2 years of construction time, which was spelled out by the Tenth Party Congress, must be made the yardstick of our work in the coal and energy industry. On that issue after all we are concerned with the rapid economic effectiveness of the national income that has been advanced for investment implementation and we are thus also concerned with fundamental problems involved in the further strengthening of our economic output capacity. This leads to the following tasks for the coal and energy industry:

Projects with a total value of up to M 20 million must basically be completed in 1 year and the other projects must be completed in 2 years.

Longer construction times must be requested separately and must constitute the exception to the rule.

Phases which are really ready for use must be placed in operation for production purposes as projects connected with major investments to a greater extent than has been the case so far. Their rapid implementation must be made the criterion of investment implementation.

The entire investment preparation process, scientific-technical work, the work of the planners, technologists, and construction managers must more effectively be aimed at this goal.

In the Central Committee report to the Tenth Party Congress, Comrade Erich Honecker spelled out our party's economic strategy in ten points. It is the scientifically justified concept for the development of the GDR national economy during the 1980's and thus of socialist society in our country.

The viewpoint of our economic strategy which dominates the entire scene in summary consists of the fact that we must achieve economic effectiveness in all fields through maximum scientific results and that we must thus provide a constructive response to the altered requirements of the 1980's along with a continual pursuit of the primary mission in terms of its unity of science and social policy.

While the 22nd Conference on briquetting technique discusses the tasks and contributions of coal refining to the implementation of this strategy, we place this conference fully in the service of this great and common cause.

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NEW LAW ON LPG'S PASSED BY PEOPLE'S CHAMBER

West German Commentary

Frankfurt/Main FRANKFURTER ALLGEMEINE in German 3 Jul 82 p 5

/Article signed "Gz." datelined Berlin, 2 July 1982: "GDR People's Chamber Passes New Law on Cooperatives--Principles for Cooperation in Agriculture--'Rights and Duties of the Cooperative Farmers.'" A translation of the text of the new LPG law discussed below follows this commentary/

/Text/ Before leaving for the summer recess, the GDR People's Chamber enacted the new law on agricultural production cooperatives, the "LPG law." The draft, published last December, had been discussed in recent months by innumerable bodies, and some textual amendments emerged. It is doubtful whether the law will be of any real help in improving the current difficulties in GDR farming and food supplies for the public. The law is important for agriculture because it legitimizes a status that will not be corrected, although the emphases of GDR farm policy have lately had to be shifted.

The new LPG law replaces the 1959 law that became obsolete as a result of the GDR's farm policies of the past 20 years. The earlier law had been enacted at the end of the stage of forcible collectivization, begun in 1952. The new legislation, far more detailed than its predecessor, has in particular a special section regarding "LPG cooperation relations, principles." The 1959 law merely mentioned that several cooperatives may "merge into one LPG so as to encourage large-scale socialist production and further improve the living conditions of their members." Following the transition to "industrialized" farm production, "cooperation" is now described as "a basic prerequisite for the further political, economic and social development of every LPG and for the exploitation of the entire potential of cooperative property." The types of "voluntary" cooperation are regulated, and so are the operations of joint organs, especially the "cooperation councils." Added to the original text was the sentence: "All partners are equal in the cooperation councils, decisions are adopted unanimously." The work of the cooperation councils will determine whether the serious dislocations caused in GDR farming by the rigid specialization of cooperatives on either crop or livestock farming can yet be corrected.

The section "cooperative property" uses lawyer's language to regulate the participation of cooperative farmers in the profits of cooperative operations. According to the provisions, cooperatives are authorized, upon resolution by the general meeting, to set year's end remunerations and premiums consonant with profits and in different proportions for brigades or sections. A newcomer is a section concerning the

"rights and duties of cooperative farmers." The cooperatives, described in article 1 of the draft law as "voluntary associations of farmers," are obligated in detail to set out the rights and duties of cooperative farmers in statutes and inner structures. This provision aims, among others, "to shape socialist producers and personalities" by setting out the working conditions, working hours and rhythm of the work day. The law also regulates the issue of the inheritance of property rights in the cooperatively farmed land that is still vested in the cooperative farmers.

Text of Law

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 25, 12 Jul 82 pp 443-452

/Official text of "Law on the Agricultural Producer Cooperatives--LPG Law--of 2 July 1982," signed by Erich Honecker, chairman, GDR State Council/

/Text/ Agricultural producer cooperatives hold a tremendous responsibility for the stable food supply of the public and for staple supplies of raw materials to industry. By successfully discharging this responsible task, cooperative farmers observe their duties in the alliance and contribute to the planned improvement of the people's material and cultural standard of living and, thereby, to the accomplishment of the main task in its unity of economic and social policy. The work of agricultural producer cooperatives is supported and promoted all-round by the socialist state in the pursuit of the tried and tested policy of the working class and its Marxist-Leninist party. The People's Chamber therefore enacts the following law:

Section 1--The LPG's Status in Society and the State

Principles

Article 1

(1) Agricultural producer cooperatives (hereinafter described as LPG's) are voluntary associations of farmers, market gardeners and other citizens for common socialist production, the steadily better satisfaction of their material and cultural needs and the steady improvement of the public's supply of foodstuffs and of industry's supply of raw materials. They ensure a substantial rise in performance and the greatest possible efficiency of agricultural production by steadily improving the cost-yield ratio.

(2) Consonant with the principles of cooperative democracy and socialist management, cooperating women and men farmers (hereinafter described as cooperative farmers) organize in LPG's their common working and social relations in accordance with the principles of equality, comradely cooperation and mutual aid, commonly dispose of cooperative property and, in accordance with cooperative distribution principles, share in the profits of their LPG's.

(3) LPG's accomplish their tasks on their own responsibility, based on decisions adopted by the Socialist Unity Party of Germany and on legal regulations.

(4) LPG's ensure the comprehensive political, professional and intellectual-cultural development of cooperative farmers as socialist personalities, creatively and with a high sense of individual responsibility involved in cooperative work as well as the management and planning of their LPG's. They encourage the active cooperation of cooperative farmers in the management and planning of social development.

Article 2

The development and strengthening of LPG's and their cooperative relations reinforces and consolidates the class of cooperative farmers who, as allies of the working class, are involved in the exercise of political power in the GDR. Growing at the same time is the extent of their organization and conscious commitment to the accomplishment of the political, economic, social and cultural tasks of the socialist society. The natural generation change in the class of cooperative farmers is guaranteed by the recruitment of young members for the LPG's, especially from among the children of cooperative farmers and village residents in general, who are already closely linked with cooperative work in the village and with working and living conditions on the farm.

Article 3

(1) LPG's are an indivisible element of the developed socialist society. Together with the state farms they shape the nature of socialist agriculture in the GDR. Their consolidation and development is crucial for the further perfection of socialist production conditions in rural areas, the further improvement of working and living conditions in the villages and the gradual abolition of all significant differences between cities and rural regions.

(2) The socialist state encourages the political, economic, social and cultural development of LPG's. It protects cooperative property and guards the interests of LPG's consonant with the socialist legal order. By it work it generally ensures and consolidates the alliance between the working class and the class of cooperative farmers.

Article 4

(1) As socialist farm enterprises the LPG's are elements of the uniform socialist national economy. They organize their economic operations on the basis of state confirmed plans and by the conclusion of the necessary business contracts with the aim substantially to raise output and its efficiency by way of intensification, especially the steady improvement of soil fertility and the performance of livestock farming, increases in the extent of use and the useful life of capital equipment as well as the lowering of production consumption. In their operations they take into account environmental needs and make their social contribution to the maintenance of the natural environment for present and future generations as the basis of life and production, and use it on a scientific basis.

(2) In their economic operations the LPG's ensure the comprehensive linkage between the benefits of socialism and the achievements of the scientific-technological revolution in order, as planned and efficiently, to use cooperative property. For the

steady improvement of their political, economic and social efficacy they deepen cooperative collaboration with other LPG's, state farms, other socialist enterprises of agriculture, forestry and the foodstuffs industry, socialist trade enterprises and other socialist enterprises and facilities.

(3) To carry out economic and local political tasks, local people's representations and their organs in cities and communities will organize close cooperation with LPG's as well as with their brigades and sections for crop and livestock farming, with the aim of using all local resources to develop more reserves for raising the output and efficiency of LPG's and improving working and living conditions for cooperative farmers. As per plan, the LPG's will contribute to the political, economic, social and intellectual-cultural developments as well as sports in the villages. To that end city and community councils will organize the common deployment of resources and capacities jointly with LPG's, other enterprises and facilities as well as all social forces in the village for further regional rationalization and the further improvement of working and living conditions.

Article 5

(1) Cooperative farmers manage their LPG's in common, consonant with the principles of socialist democracy.

(2) The highest organ in the LPG is the general meeting. At the general meeting cooperative farmers discuss and decide all basic issues of LPG work and development as well as the organization of cooperation relations. The general meeting's decisions are mandatory on all management organs and cooperative farmers. The general meeting elects the LPG executive board and chairman; they are accountable to the general meeting.

(3) The LPG management organs encourage the collective shaping of opinions and wishes in the preparation, adoption and implementation of cooperative decisions. They ensure the equal involvement of all cooperative farmers in the LPG's management by the broad-based development of internal cooperative life, especially the purposeful organization of the socialist competition and the regular conduct of general, brigade and section meetings, the work of committees and other bodies.

(4) The general meeting elects an audit committee as its supervisory organ for checking up on the management of the enterprise and the observance of legal regulations, statutes and inner structure in the LPG. The audit committee must in particular exercise supervision of the complete utilization of the LPG's entire land fund as well as the most careful handling of cooperative property. It is accountable to the general meeting.

Article 6--Organization of LPG Social Relations

(1) LPG social relations are shaped by the firm alliance between the working class and the class of cooperative farmers and the comprehensive aid and support of the socialist state for LPG's operating on this basis. The organization of LPG social relations is based on Lenin's cooperative plan in accordance with the requirements of cooperative property and cooperative democracy and consonant with the principles

of voluntarism, the LPG's own responsibility, the gradual transition to higher forms of cooperative work, the development of diverse cooperation relations and the utilization of the material interestedness of LPG's and their members in the results of their economic operations as per the principles of cooperative distribution.

(2) On the basis of the GDR Constitution LPG social relations are regulated by this law, by model statutes and model inner structures as well as other legal regulations.

(3) Cooperative farmers are actively involved in the organization of the social relations of their LPG's and socialist development in rural areas, especially by their cooperative work, participation in the management of their LPG's and their cooperation relations, by collaboration in elected organs of the state power, their committees and activist groups as well as the councils for agriculture and the foodstuffs industry and by the attendance of their delegates at farmers congresses and farmers conferences.

Article 7--Model Statutes and Model Inner Structures

(1) The model statutes and model inner structures confirmed by the GDR Council of Ministers on the suggestion of farmers congresses or farmers conferences are generally mandatory legal standards and represent the legal basis for drafting the statute and inner structure of every LPG.

(2) If, on the suggestion of farmers congresses or farmers conferences, the GDR Council of Ministers amends model statutes or model inner structures, LPG's must adapt their statutes or inner structures to the new provisions. The competent state organs are obligated to assist the LPG's in the revision of their statutes and inner structures.

(3) To guide and assist LPG's in the organization of their cooperative relations on the basis of model statutes and model inner structures as well as other legal regulations, state organs will submit in particular state recommendations that convey progressive practical experiences and scientific findings. LPG executive boards must use state recommendations for organizing the implementation of the measures recommended consonant with actual LPG conditions and cause the necessary decisions to be adopted by the LPG's management organs.

Article 8--LPG Statute

(1) Cooperative farmers decide the statute for their LPG on the basis of the model statute. Together with this law and other legal regulations the statute is the legal basis for the LPG's operation and the organization of cooperative conditions as well as cooperative relations. Decisions with regard to the statute are the exclusive province of the LPG general meeting.

(2) The statute of the LPG and any amendments to the statute are effective upon registration by the kreis council.

Article 9--The LPG's Capability of Acting as a Legal Entity

(1) Upon registraction of the LPG and its statute, the LPG becomes capable of acting as a legal entity and body corporate.

(2) In the case of a merger of LPG's or other types of LPG re-establishment, the capability of acting as a legal entity arises upon registration of the new LPG and its statute. Upon registration all rights and duties of the LPG's involved are transferred to the new LPG.

Section 2--LPG Cooperation Relations

Principles

Article 10

(1) Cooperation is a basic prerequisite for the further political, economic and social development of every LPG and for the exploitation of all potentials of cooperative property. It constantly opens up new opportunities for socialist farming to produce more, better and more cheaply, organize the uniform agricultural reproduction process as planned and with the greatest possible profit for the LPG and society, gradually continue with the introduction of industrialized methods of farm production and in general actively promote social development in rural areas.

(2) The LPG's carry a heavy responsibility for the planned development and deepening of their cooperation relations. They are entitled to join with other LPG's, state farms, other socialist enterprises of agriculture, forestry and the foodstuffs industry, with socialist trade enterprises and other socialist enterprises and facilities (hereinafter described as cooperation partners) in order gradually and consonant with actual conditions to enter into long-term and stable relations for the common accomplishment of economic and social tasks and for that purpose to create cooperation councils, organize cooperations and cooperative facilities, participate in cooperation associations and federations as well as develop further types of cooperation.

(3) Within the framework of their assignments state organs and facilities are to generally encourage the establishment and development of effective LPG cooperation relations and base their management and planning operations on these relations.

Article 11

(1) LPG's and their cooperation partners organize cooperation voluntarily and on the principle of equality and mutual benefit for all cooperation partners. Cooperative farmers decide on the organization of the LPG's cooperation relations at their general meetings. In all types of cooperation LPG's retain their economic and legal independence. Cooperative farmers delegated by their LPG to work in other LPG's, state farms and cooperative facilities or in other socialist enterprises of agriculture, forestry and the foodstuffs industry are guaranteed all rights arising from membership in their LPG unless these rights are assumed by the LPG's, state farms, cooperative facilities or other socialist enterprises of agriculture, forestry and the food industry, where the delegated cooperative farmers are employed.

(2) LPG's and their cooperation partners set up common organs for the management and planning of cooperation and delegate authorized persons to these bodies. Decisions regarding the tasks, rights and duties of these organs require the assent of

all cooperation partners. Authorized delegates must regularly report to the general meeting of their LPG's with regard to the conduct of cooperative work and the development of cooperative relations and give an account of their own work. The executive boards of the LPG's organize the implementation of jointly discussed and decided measures in the LPG's or, if the cooperation agreement so provides, submit them to the general meeting for decision.

Article 12--Cooperation Councils

(1) LPG's are entitled and obligated by active work in the cooperation councils to ensure the efficient collaboration in the uniform reproduction process of all cooperation partners, including their brigades and sections for crop and livestock farming. Their cooperations must jointly observe the responsibility for crop and livestock farming and their planning and balancing must be coordinated in the region. By the operation of the cooperation councils they ensure the comprehensive socialist intensification of farm production, continuity in the economic development of all cooperative partners, the steadily better utilization of the labor capacity in the cooperation as well as close collaboration in the joint deployment of resources and capacities for the pursuit of scientific-technological advances and for joint measures with respect to rationalization and reconstruction.

(2) The cooperation councils are elected democratic organs composed of representatives of the cooperating LPG's, state farms and other socialist farm enterprises. They involve more cooperative farmers and workers in their work by way of committees. All partners enjoy full equality in the cooperation council. Decisions are adopted unanimously.

(3) LPG's, state farms and other socialist agricultural enterprises may transfer to the cooperation councils some rights and duties for the independent implementation of joint measures regarding the management and planning of the uniform reproduction process in the cooperations as well as the exploitation of common funds. Cooperation councils are accountable to the LPG's, state farms and other socialist farm enterprises for the appropriate exercise of these rights and duties.

Article 13--Cooperative Facilities

(1) Cooperative facilities are joint enterprises or facilities organized by LPG's and their cooperation partners in order jointly to accomplish certain production assignments and improve working and living conditions for cooperative farmers. LPG's and their cooperation partners share the responsibility for the operation of cooperative facilities including the material and financial prerequisites required for that purpose. The funds and labor capacity of cooperative facilities are to be deployed consonant with the statutes of the cooperative facilities for the accomplishment of joint production assignments as well as for coping with operational peaks in agricultural production. The use of funds and the labor capacity of cooperative facilities for other purposes is permissible only if the cooperative facilities have fulfilled their plan targets for agriculture and the improvement of working and living conditions in rural areas, and if the meetings of authorized delegates approve such use.

(2) Cooperative facilities are jointly managed by the LPG and its cooperation partners. They therefore set up meetings of authorized delegates who decide the plan of the cooperative facility and other developmental issues. The meetings of authorized delegates elect their executive organs.

(3) The cooperative facility becomes capable of acting as a legal entity and body corporate upon the registration of the cooperative facility and its statute by the kreis council.

(4) Cooperative facilities may also be established as joint facilities of the LPG and its cooperation partners without acquiring the rights of a legal entity. The rights and duties of such cooperative facilities and their relations with the LPG's and their cooperation partners are settled by cooperation agreements requiring confirmation by the kreis council.

Article 14--Cooperation Associations

(1) LPG's and their cooperation partners may establish cooperation associations in order to deepen the cooperation for the planned and appropriate public supply at the level of production stages.

(2) The cooperation association is jointly managed by the LPG's and their cooperation partners. In it LPG's and their cooperation partners coordinate their production on the basis of the cooperation agreement and business contracts. The cooperation agreement requires confirmation by the bezirk council. Cooperation associations carrying out joint production, storage and marketing tasks may, exceptionally, obtain the capability of acting as a legal entity by the registration of the cooperation association and a statute with the bezirk council.

Article 15--Federations

(1) In the presence of the appropriate social conditions LPG's and their cooperation partners may establish federations in order more effectively to organize production among themselves or with subsequent stages of further processing, more closely to link production and science and thereby increase the output of appropriate ranges and achieve the greatest possible supply efficiency.

(2) In federations LPG's together with state farms and other socialist farm enterprises, enterprises of the foodstuffs industry and other sectors of the economy as well as scientific facilities, manage and plan--consonant with standard principles --the political, economic and social development of the enterprises and facilities involved as well as their interrelations in the various stages of the foodstuffs industry. They therefore set up the appropriate management organs for the federation. In accordance with their economic and legal independence LPG's independently manage and plan their enterprise reproduction process within the scope of the total development of the federation. The work of the federation is to be regulated by a statute. The federation becomes capable of acting as a legal entity and body corporate upon registration of the federation and its statute with the bezirk council.

(3) Decisions by the LPG general meeting with regard to participation in federations require confirmation by the bezirk council.

Article 16--Regulation of Cooperation Relations

(1) Cooperation relations between LPG's and their cooperation partners must be regulated by statutes, cooperation agreements and business contracts.

(2) To be established by cooperation agreements or statutes are:

a) The goals of cooperative collaboration;

b) The rights and duties of the LPG's and their cooperation partners;

c) The types of management of the cooperation, the powers of the organs and representation in legal matters;

d) The principles of cooperative collaboration.

(3) All cooperation agreements and business contracts concluded by LPG's and their cooperation partners within the scope of permanent cooperative collaboration among themselves and their cooperative facilities or within the scope of cooperation associations and federations, must be organized on the basis of this law and in observance of the principles of the contract law. Unless LPG's and their cooperation partners agree otherwise, the provisions of the contract law apply.

(4) If, due to social requirements within the scope of state management and planning, an amendment of long-term and stable cooperation relations is required, the competent state and economy managing organs must coordinate specific measures with the LPG's and their cooperation partners and, jointly with them, arrive at dispositions for the avoidance of adverse economic effects.

Section 3--Cooperative Land Use

Article 17--The LPG's Responsibility for Land Use

(1) The land is one of the most precious natural resources of the GDR. Socialist land use makes it possible to develop all land usable for farming and forestry with steadily greater efficacy for the production of foodstuffs and agricultural raw materials. By the common utilization of the land LPG's therefore accomplish a great social task in the interest of the rapid growth of the economy and the prosperity of the people. It is up to them by good cooperative work, careful soil cultivation and the rational use of social resources on the basis of modern science and technology to help determine the highest standard of yields achievable in comparable natural conditions.

(2) LPG's are obligated to cultivate their land for the maximum output and accompanied by a steady increase in soil fertility, to develop more land for agricultural use, ensure the steadily greater and stable output per unit of land and, at the same time, ensure protection for all waters and pursue environmental tasks.

(3) LPG's must ensure the orderly recording of their land fund and its utilization consonant with the land use documentation. They organize supervision of the comprehensive and efficient use of the land.

Article 18--Right to Comprehsnsive Land Use

(1) The LPG's hold a comprehensive and permanent right to use the land brought in by their cooperative farmers or allocated them by the state for free use or transferred to them by other socialist enterprises for unlimited use.

(2) In the exercise of its usufruct the LPG may, within the scope of legal regulations

a) Change the type of use and the crops cultivated,

b) Carry out improvements,

c) Change the network of paths and ditches

d) Erect new buildings and carry out structural changes including major repairs and demolition,

e) Extract mineral raw materials (that are not state property as per the mining laws_ within the scope of state confirmed plans,

f) As per the provisions of the statute make available land for personal farming or gardening use and for the construction of homes,

g) Make available land for carrying out joint assignments within the framework of cooperation,

h) Transfer land to state organs, socialist enterprises and facilities for their use.

In coordination with city and municipal councils the LPG may make available for temporary use to branches of the Union of Small Gardeners, Settlers and Small Livestock Breeders or to other users of some small areas temporarily not cultivated by the LPG. These areas are to be cultivated for the type of use and the crops stipulated and by an agreed method.

(3) If, within the framework of this law or the model statutes and model inner structures, LPG's transfer land to other LPG's or other socialist enterprises of agriculture, forestry and the foodstuffs industry for their use, the new users obtain the usufruct within the scope of their economic assignments.

(4) The cooperative usufruct of the land is not affected by sale or inheritance. In case a sale occurs in connection with the withdrawal of cooperatively used land as per article 21 paragraph 2, the end of cooperative land use is to be agreed separately by the LPG and the buyer.

Article 19--The Cooperative Farmers Ownership of the Land

(1) The land contributed to the LPG remains the property of the cooperative farmers. The use of this property is determined by the requirements arising from the development of intensive socialist agriculture.

(2) The provisions of the GDR civil code on personal property apply to the exercise of property rights with respect to the real estate remaining for the personal use of the cooperative farmers, excepting farm buildings and facilities required for cooperative use. The same applies mutatis mutandi to the individual ownership of buildings. In the case of the sale of real estate and buildings not contributed to the LPG to enterprises, facilities or citizens who are neither members nor employees of the LPG, the LPG is entitled to apply to the kreis council for permission to exercise the right of public domain and for the financial resources required for such purchase if the real estate or buildings are needed for cooperative production or for utilization within the scope of individual households.

(3) The rights and duties concerning the land made available by the LPG for individual farm use follow the statute and inner structure of the LPG.

(4) A change in the ownership of land reform real estate is regulated by special legal provisions.

Article 20--Exchange of Usufruct

In order to provide more favorable operational conditions LPG's may exchange cooperatively used land with the land of other owners or legal entities. The exchange of usufruct proceeds on a voluntary basis by means of a written contract and must be entered in the land utilization documentation. Property rights are not affected by this exchange. If exchanged land is sold, the new owner assumes the rights and duties of the contract. That applies mutatis mutandi if, for the purpose of providing more favorable operational conditions, land is contractually assigned for use to other socialist enterprises or facilities without a formal exchange.

Article 21--Protection of Cooperative Land Utilization

(1) The comprehensive and permanent cooperative land use is protected by the socialist state.

(2) LPG land may be permanently or temporarily taken away or its use restricted only on the basis of laws or decrees, and compensation must be paid.

Section 4--Cooperative Property

Article 22--Principles

(1) Together with the state property used by the LPG's, cooperative property and the land made available for utilization and other means of production represent the economic basis for the consolidation and development of the LPG and the rising prosperity of the cooperative farmers.

(2) Cooperative property is generated by cooperative work, the contribution of inventory and other means of production consonant with the statute, by purchase and other means of acquiring property.

(3) Within the scope of their statutes and legal regulations LPG's dispose of and decide on their own responsibility about their property and the means of production

allocated them for use as well as about the use of their profits. They must utilize cooperative property with the greatest possible social efficacy and so use their profits as to ensure the intensification of production as well as the best possible quality and efficiency of cooperative operations.

Article 23--Participation of Cooperative Farmers in the Profits of Cooperative Management

(1) Consonant with the principles of cooperative property and the performance principle, cooperative farmers share in the profits of the LPG.

(2) Cooperative farmers are remunerated in accordance with the profits achieved by the LPG, the share of the respective brigade or section and the quantity and quality of the work performed.

(3) Upon resolution by the general meeting and depending on the fulfillment and overfulfillment of brigade or section plans as well as the lowering of costs, LPG's are entitled to make differentiated year end payments to brigades, sections and other independently operating production units or pay differentiated premiums tied to rising output or lower production consumption.

Protection of Cooperative Property

Article 24

(1) Cooperative property is untouchable. It enjoys the particular protection of the socialist state. The means of production and other assets allocated for use to LPG's are to be efficiently used, carefully handled and protected just as cooperative property.

(2) The protection of cooperative property is the duty of all cooperative farmers and LPG management organs. The LPG executive board organizes the protection of cooperative property and, in all sectors of the LPG, ensures the responsible observance of socialist legality, exemplary order, discipline and safety.

Article 25

(1) LPG's are obligated with the greatest possible efficiency to use cooperative funds, especially to lower production consumption and, depending on their profits, ensure the expanded reproduction of cooperative property. By proper servicing and preventive maintenance of farm machines and other means of production they must improve their efficiency and lengthen their useful life.

(2) LPG's must ensure the efficient utilization of cooperative livestock and its reproduction, in particular by the best possible breeding, the most rational possible use of feed as well as good livestock health; by the rationalization and reconstruction of their facilities for livestock farming they must guarantee the improvement of livestock productivity.

(3) LPG means of production are not attachable. Any distraint upon the monetary resources of cooperative funds is permissible only with respect to claims to be met

from the resources of these funds as per their designation. Moreover, distraint may be carried out only with respect to monetary resources and items that are not basic to the LPG's economic operation.

Article 26--Joint Utilization of Cooperative Property

(1) For the accomplishment of cooperative tasks LPG's are entitled, together with their cooperation partners, jointly to use cooperative property or to establish community property including joint financial funds for mutual aid and support for investment, rationalization and reconstruction projects or reserve funds for dealing with financial losses in crop or livestock farming that are not due to negligence. The joint utilization proceeds in the interest of the cooperation partners involved for the purposes established by them in the statute or the cooperation agreement.

(2) The cooperation partners themselves, on the basis of legal regulations, decide the joint utilization of the cooperation partners property and the utilization of community property as well as the use of the profits achieved by joint operations.

(3) When joint property is established, the contributions to be made by the cooperation partners must be agreed and published. State property must be recorded separately. If the property of one cooperation partner is used by other cooperation partners it is protected as the property of the cooperation partner using it.

Article 27--Independent Ownership of Buildings, Facilities and Plantings

The buildings and facilities constructed on land used by the LPG's as well as plantings on such land are the property of the LPG, regardless of the ownership of the land. Independent ownership, independent of the ownership of the land, also applies to buildings and facilities constructed within the framework of cooperation and to plantings as well as means of production contributed and definitely tied to the land.

Article 28--Provision of Housing

(1) For the satisfaction of the housing needs of cooperative farmers and workers as well as for the establishment of permanent relations between young people and the LPG and village, LPG's are entitled to participate in housing construction projects in the rural area, create cooperatively owned living quarters, purchase residential buildings and construct homes for future use by cooperative farmers and workers. They assist all initiatives of cooperative farmers and workers for providing additional housing or construct homes by the remodeling and reconstruction of residential or farm buildings.

(2) The legal regulations on works housing apply to cooperative living quarters, apartments in cooperatively used buildings and housing units made available to the LPG.

(3) Upon the sale of a home constructed by the LPG and assigned to cooperative farmers and workers to citizens who are neither LPG members nor employees, the LPG has the right of preemption. The provisions of the GDR civil code apply to the exercise of the right of preemption. The state right of preemption is not affected thereby. Article 19 paragraph 2 applies mutatis mutandi to all other sales.

Section 5--The Rights and Duties of Cooperative Farmers

Principles

Article 29

Guaranteed to cooperative farmers is the right to work, to participate in the management and planning of the LPG, to remuneration by the quantity and quality of the work performed depending on the profit achieved by cooperative production, to education, leisure and recreation, to the protection of health and fitness for work, to social welfare in old age and disability as well as to material security in the case of sickness and accident. Cooperative farmers responsibly observe the tasks and duties arising from these rights.

Article 30

(1) With the extensive assistance of the state, cooperative farmers create in their LPG's such working and living conditions as will secure for them the full exercise of their rights and duties as socialist producers and personalities. In particular they organize the socialist competition as the most comprehensive expression of their creativity in cooperative production as well as the observance of their responsibility toward the socialist society and are actively involved in the innovator movement. The initiatives of young people in the movement "fair of the masters of tomorrow" must be extensively encouraged.

(2) LPG's so organize their working conditions, working hours and the rhythm of the work day as to enable them to carry out all the necessary work on their own, including the labor capacity made available to them within the framework of cooperation and by cities and communities, and at the time appropriate to the requirements of crop and livestock farming.

(3) On the basis of the model statutes, model inner structures and other legal regulations LPG's are obligated in their statutes and inner structures to arrange in detail the rights and duties of cooperative farmers and must guarantee their realization.

Article 13--Involvement in Cooperative Operations

(1) Each cooperative farmer is obligated and entitled, in accordance with his skills and knowledge and in conformity with cooperative needs in the LPG and for the accomplishment of his assignments, conscientiously to work within the framework of coop ration, comradely to collaborate with the other cooperative farmers and contribute his efforts for raising cooperative production and steadily improving its efficiency.

(2) By their purposeful deployment and the further improvement of working and living conditions LPG's encourage the extensive involvement of women cooperative farmers in cooperative operations and cooperative life. They ensure that the willingness, knowledge and ability of women cooperative farmers is fully effective for the best possible yields and performances in crop and livestock farming. Responsible tasks in production and LPG management must be assigned the women cooperative farmers. Consonant with the specific needs of women cooperative farmers, LPG's must provide

more prerequisites, especially by the appropriate organization of work and the easing of working conditions, to allow women cooperative farmers increasingly better to reconcile the observance of their rights and duties in the LPG with their tasks as wives and mothers.

(3) In collaboration with the Free German Youth the LPG's discharge their responsibility for the communist education of young cooperative farmers. They devote particular attention to their preparation for the defense of socialism. By allocating them responsible tasks in production, training them to be able to handle science and technology, management and planning as well as strengthening and establishing youth brigades and handing over youth projects, LPG's must purposefully inspire efficiency, initiative, creativity and liking for the farming profession among all young cooperative farmers and generally encourage their loyalty to the LPG and their close ties with the village. The performances of young cooperative farmers within the scope of the FDJ's economic initiatives must be rewarded consonant with the legal regulations governing the work with the "account for young socialists."

(4) LPG's ensure the greatest possible efficiency of cooperative operations by the simple and intelligible organization of working and production processes, directed to the fullest utilization of natural and economic production conditions and based on the findings of scientific labor organization. They must also ensure that cooperative farmers have the skills and knowledge required for their work, including knowledge of the provisions of health care and accident prevention as well as fire safety.

Article 32--Training and Further Education

(1) Every cooperative farmer is entitled and obligated to acquire the political and technical knowledge required for the exercise of his profession and the development of his personality.

(2) By a planned political and technical training LPG's must create the conditions necessary to enable cooperative farmers to cope with their challenging social tasks. The training and further education of women cooperative farmers and young cooperative farmers must be specially encouraged.

(3) LPG's are responsible for recruiting young people and for the professional instruction of young cooperative farmers. By close cooperation with city and community councils, the Free German Youth and its Pioneer organization "Ernst Thaelmann," the schools (especially with regard to the organization and conduct of polytechnical instruction) as well as the vocational counseling centers, the LPG's ensure primarily the recruitment of apprentices from the villages in the vicinity. Initiatives by apprentices in the socialist professional competition must be assisted at all times.

Article 33--Social Security

(1) The LPG's guarantee the full observation of the sociopolitical rights set down for cooperative farmers in the model statutes, model inner structures and other legal regulations. They safeguard health and fitness, the right to leisure, recreation and vacations, the right to leave from work for the observation of civic rights and duties, for training and further education and to medical care as well as to the

organization of socialist family relations, the right to assistance in the case of sickness, any temporary lowering of fitness to work, to the necessary measures for preventive health care and in old age as well as the right to special support and encouragement of women cooperative farmers and young cooperative farmers.

(2) The LPG's organize the further improvement of working and living conditions of cooperative farmers, a varied intellectual-cultural life and support the development of physical culture and sports. In cooperation with city and community councils, enterprises, facilities and social organizations in the region they encourage, in particular, the supply of goods in the LPG, child care, the development of repair and other services, health care, cultural and social facilities, sports and vacation and leisure pursuits. The LPG's assist the FDJ initiatives for the maintenance, reconstruction, modernization and new construction of facilities for cultural-sporting leisure pursuits as well as military sports activities of young people in the villages.

(3) Cooperative farmers are covered by social security insurance in accordance with legal regulations. In the case of sickness, accidents at work, occupational diseases, disability and in old age as well as in other cases recorded in legal regulations, they will receive the services of the social insurance system of the GDR State Insurance.

Article 34--Private Farming

(1) Cooperative farmers are guaranteed the right to conduct private farming within the scope of the LPG statute and inner structure. The LPG assists the cultivation of the land made available for private use and encourages private livestock farming.

(2) Delegated cooperative farmers who, on behalf of their LPG, are working for other LPG's, state farms and cooperative facilities or other socialist enterprises of agriculture, forestry and the foodstuffs industry, are granted by their LPG the right to carry on private farming. This is done by their LPG making available to the delegated cooperative farmer the land earmarked for private use or the produce so earmarked within the scope of it's statute, assisting the cultivation of the land and encouraging private livestock farming. With the consent of the delegated cooperative farmer these duties of his LPG may be transferred entirely or in part to the LPG, state farm, cooperative facility or other socialist enterprise of agriculture, forestry and the food industry where the delegated cooperative farmer is working.

(3) The regulations on protection from distraint with regard to cooperative property apply mutatis mutandi to the ownership of real estate, residential and farm buildings as well as breeding livestock and feed needed by the cooperative farmer for the observance of his cooperative rights and duties or for the conduct of private farming.

(4) The conduct of private farming within the scope of the LPG statute and inner structure is guaranteed also to manual and clerical workers employed by the LPG. The provisions of paragraph 3 apply mutatis mutandi.

Article 35--Manual and Clerical Workers in the LPG

(1) The rights and duties of manual and clerical workers employed in the LPG are regulated by the labor code of the German Democratic Republic and its provisions as well as by the regulations on collective contracts, model statutes and model inner structures.

(2) The LPG's ensure the observance of labor union rights consonant with the bylaws and resolutions of the Free German Labor Federation and, in close cooperative with the trade union organs, ensure the equal participation of manual and clerical workers in the management and planning of the LPG.

Article 36--Cooperative Farmers Claims for Compensation for Accidents at Work and Occupational Disease

(1) In case of an accident at work arising from the cooperative labor process or of an occupational disease incurred, cooperative farmers have a claim to compensation for the damage suffered. A claim for compensation in the case of an accident at work does not lie if, despite due training, instruction and supervision, the cooperative farmer deliberately violates his duties with respect to health and safety regulations, the accident is caused thereby, and the LPG is not at fault in the matter.

(2) The claim to compensation includes

a) Earnings lost and continuing to be lost, including the reduction in pension claims.

b) The necessary additional expenses incurred, especially for the restoration of health and fitness to work and for the resumption of participation in the labor process and social life,

c) Material damage.

Deducted from the cooperative farmer's claim to compensation from the LPG are social insurance and other welfare benefits received by the cooperative farmer as a result of the damage suffered. The same applies to earnings received by the cooperative farmer for work he is able to do or omits to do despite being capable of performing the work. Payments made to the cooperative farmer or his widow and/or orphans by the GDR State Insurance on the basis of voluntary life and accident policies do not affect the total amount of the claim.

(3) If the death of a cooperative farmer results from an accident at work or an occupational disease, the LPG is obligated to compensate the widow and/or orphans for the damage suffered by the loss of their legal claim to maintenance and must pay the costs of the funeral. The provisions of paragraphs 1 and 2 apply mutatis mutandi.

Article 37--Other Claims for Compensation for Cooperative Farmers

(1) If the LPG neglects its duties toward a cooperative farmer as arising from the cooperative labor relationship, and he suffers damage thereby, the LPG must compensate the cooperative farmer. The obligation to compensation falls away if the LPG

was unable to avoid the circumstances resulting in the damage, respite utilization of all possibilities offered by socialist production conditions. The provisions of article 36 paragraphs 2 and 3 apply mutatis mutandi to the amount of the claim for compensation.

(2) If, inspired by social responsibility, a cooperative farmer exerts himself in the interest of the LPG to prevent or reduce damage or fight off dangers, he has a claim in the LPG for compensation of any costs incurred and that he could logically consider necessary; he is also entitled to be compensated for any adverse effects suffered.

(3) If, with the permission of the LPG, a cooperative farmer uses his private property to accomplish an assignment, the LPG must compensate him if his private property is damaged or destroyed in the process. No claim to compensation exists if the cooperative farmer is materially responsible as per the provisions of articles 39 and 40.

Article 38--Payment of Compensation

(1) LPG's are entitled to take out insurance with the GDR State Insurance in order to be able to pay compensation as per article 36 and article 37 paragraph 1, in connection with injuries to persons or material damage.

(2) Insofar the LPG pays compensation, all claims for compensation on third parties are transferred from the cooperative farmer to the LPG. Other civil claims of the cooperative farmer on the party causing the damage are not affected thereby.

Material Responsibility of Cooperative Farmers

Article 39

(1) Cooperative farmers culpably damaging cooperative property or, by serious negligence of their cooperative duties, culpably causing substantial loss of output, must compensate the LPG for the damage suffered. In less serious cases the executive board may adopt disciplinary measures for the retraining of the cooperative farmer.

(2) The amount of the compensation to be paid depends on the extent of direct damage. The limitation to direct damage falls away if the damage is deliberately caused.

(3) If the damage is caused by negligence in the course of cooperative work, the extent of the compensation payable is limited to the amount of 1 month's earnings. In the case of the loss of objects allocated for exclusive use and against written confirmation as well as of monetary and material values entrusted for safe keeping, the LPG is entitled to claim compensation up to 3 months' earnings, provided it had fulfilled all conditions required for the observance of the duty to defend these property values. The calculation of monthly earnings is based on one twelfth of the earnings of the 12 months preceding the occurrence, including the planned value of the proportionate year end payment. This limitation of the claim to compensation falls away if the damage is due to a violation of work duty committed under the influence of drink and the offender is criminally prosecuted as a result.

Article 40

(1) To be considered with regard to the decision on material responsibility is the totality of all circumstances, in particular the method of causing the damage, its social consequences, the amount of the damage and its economic effects, the kind and seriousness of guilt as well as the general behavior of the person responsible before and after the damage occurred.

(2) In every case of a cooperative farmer being liable for compensation for damage caused by him, the LPG executive board is obligated promptly to take the measures required to ascertain the damage and the person causing it and for the discovery and removal of the causes and conditions favoring it, as well as to adopt measures for preventing future damage. The executive deals with the guilty party and, after discussion in the brigade or section meeting, decides whether and in what amount to claim compensation. The executive board is obligated to inform the general meeting of the incident and to justify its decision. If the chairman or a member of the board has caused the damage, the audit committee is entitled to submit to the executive board applications with respect to material responsibility. If these are not acted upon, it may request a decision by the general meeting.

(3) In principle compensation is to be paid in money. The executive board may require payment in kind or other services to make good the loss of property; the method and kind of the services to be rendered are to be agreed.

(4) In the case of compensation claims up to M300, the LPG may, upon decision by the executive board, withhold the respective amount from advances on salary. In that case the cooperative farmer must be left with at least 50 percent of the advance on salary.

(5) The above provisions do not exclude an appeal to the courts.

Section 6--Special Regulations

Article 41--Statute of Limitations

(1) LPG claims on members and members claims on the LPG arising from cooperative legal relationships are limited to 2 years. Claims for compensation on the LPG are limited to 3 years. If damage to cooperative property is prosecuted as a crime, material responsibility may be claimed within another year from the conclusive decision of the appropriate organ.

(2) Members claims on the LPG for repayment of the additional inventory contribution are limited to 5 years from the date settled for repayment of the respective amount by the general meeting.

(3) The statute of limitation begins to operate on the first day of the month following the day the claim becomes due.

Article 42--Court Jurisdiction

(1) The executive board and the member must responsibly collaborate to settle disputes between the LPG and the member arising from the cooperative legal relationship

and they must strive for an amicable settlement. The member is entitled to state his claim to the executive board or the general meeting for decision.

(2) If no amicable settlement is achieved, the courts have jurisdiction to decide disputes between the LPG's and their members in regard to property rights, unless legal regulations assign the ultimate decision to the LPG management organs or local councils. The courts also have jurisdiction in the case of other disputes between LPG's and their members if that is stipulated in legal regulations.

Article 43--Representation of the LPG

(1) The chairman or his deputy and another member of the executive represents the LPG in legal transactions. In the case of legal transactions not exceeding a value of M1,000, the chairman alone may represent the LPG. The consent of the general meeting is required for the conclusion of legal transactions involving land and buildings.

(2) The LPG executive board may assign power of attorney to the chairman, the heads of brigades, sections and other work collectives as well as other persons, either for single or recurring legal transactions arising within the scope of their production tasks. In these cases the holders of the power of attorney must regularly account to the executive board regarding the exercise of these powers.

(3) The representation of the LPG may be exercised only within the framework of the legal regulations, statute and plans of the LPG.

Article 44--Mortgages and Equalized Claims

(1) Mortgages payable to state credit institutes[1] are on principle waived or deferred for cooperative farmers as per legal regulations. If interest and repayment payments due with respect to liabilities in connection with contributed real property cause difficulties as a result of extraordinary circumstances, the courts may, after examination of the pecuniary circumstances of creditor and debtor, order the claim to be deferred with or without interest charges, order interest payments to be deferred or decide other measures.

(2) If cooperative use of contractually used buildings and facilities is ended by agreement between the LPG and cooperative farmers, a reciprocal settlement takes place as per the agreements concluded on cooperative use. A claim for compensation lies for any loss of value due to the neglect of agreed maintenance as well as for any increase in value by expansion and maintenance measures.

(3) If the value of real property, buildings and facilities has substantially increased during cooperative use, due to significant extensions and repairs, and unless some agreement is arrived at regarding payment for the increase in value, the LPG is entitled to ask for a mortgage on the respective real property in the amount

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1. In effect at the present time are:
The Law of 17 February 1954 on the Debt Clearance of Small and Medium Farmers upon Accession to Agricultural Producer Cooperatives (GBl No 23 p 224) and its implementing regulations.

of the claim for compensation arising from the increase in value, provided the owner is able to realize the increase in value by further utilization. If the owner is not able to realize the increase in value by further utilization, the LPG may claim the right, in case of sale, to receive that part of the purchase price, which corresponds to the increase in value realized. So as to safeguard this right a notation to that effect may be entered in the land register. If the entry of the mortgage or notation cannot be agreed upon, the kreis council may order such an entry to be made upon the request of the LPG.

Article 45--Death of a Testator

(1) Upon the death of a cooperative farmer the LPG must, within 1 month from the confirmation of the final annual statement of accounts for the business year in which the death occurred, carry out a reciprocal settlement with the heirs.

(2) In the case of the death of a testator, the property right in cooperatively used land is transferred to his heirs as per the provisions of the inheritance law.

(3) If the heir is or is going to be a member of the LPG, he holds the same rights as the testator with regard to the land contributed by the testator. The same applies mutatis mutandi to members who are common heirs. It also applies to the family members of heirs who are or are going to be LPG members unless the heirs themsleves are not nor will be members.

(4) If an estate is held in common by LPG members and citizens who are not LPG members, the heirs should agree to transfer the land to the ownership of the members or maintain the estate in common with respect to the land. If no agreement is achieved, the transfer of the landed property proceeds as per the regulations on inheritance at the time the estate is distributed. The land contributed to the LPG is disregarded when evaluating the shares of the co-heirs. For the time of its utilization the land is not subject to any liabilities on the estate. If the estate includes residential and farm buildings needed by one heir to observe his cooperative rights and duties, that heir has the right of first refusal for the respective real property or residential and farm buildings.

(5) The provisions of paragraph 4 apply mutatis mutandi to the division of community property of spouses.

Section 7--Scope

Article 46

The provisions of this law apply to LPG's and cooperative farmers as well as to the LPG's cooperation relations as per articles 10-16. They apply as appropriate to horticultural producer cooperatives, producer cooperatives of inland fishermen and other producer cooperatives in the sphere of agriculture and their cooperation relations as well as to their members.

Section 8--Concluding Regulations

Article 47--Implementing Decrees

The GDR Council of Ministers will issue the legal regulations required for the implementation of this law.

Article 48--Taking Effect

(1) This law takes effect upon publication.

(2) Losing effect at the same time are:

-- The Law of 3 June 1959 on Agricultural Producer Cooperatives (GBl I No 36 p 577) in the version of article 12 No 4 of the Introductory Law of 19 June 1975 to the GDR Civil Code (GBl I No 27 p 517);

-- First Implementing Regulation of 27 November 1959 to the Law on Agricultural Producer Cooperatives (GBl I No 70 p 905);

-- Second Implementing Regulation of 11 February 1960 to the Law on Agricultural Producer Cooperatives--Registration of Statutes--(GBl I No 14 p 135);

-- No 15 of the appendix to the Decree of 24 June 1971 on the New Version of Regulations on Appeal Against Decisions by State Organs (GBl II No 54 p 465).

Article 49--Regulation of Application

(1) Section III of the appendix to the GDR Council of Ministers resolution of 1 November 1972 on the model statute for cooperative facilities of LPG's, VEG's /state farms/, GPG's /horticultural producer cooperatives/ and socialist enterprises of the foodstuffs industry and trade (GBl II No 68 p 781) is to be applied as per the provisions of article 13 paragraph 2 of this law.

(2) No 48 and No 61 paragraph 2 letter f of appendices 1 and 2 to the GDR Council of Ministers resolution of 28 July 1977 on the model statutes and model inner structures of LPG crop and livestock farming (special issue No 937 of the GBl) are to be applied as per the provisions of article 40 of this law.

(3) No 41 and No 51 paragraph 2 letter f of the appendix to the GDR Council of Ministers resolution of 1 October 1981 on the model statute of producer cooperatives of inland fishermen (special issue No 1075 GBl) are to be applied as per the provisions of article 40 of this law.

Implementing Resolution

East Berlin GESETZBLATT DER DEUTSCHEN DEMOKRATISCHEN REPUBLIK in German Part I No 25, 12 Jul 82 pp 453-454

[Official text of "First Implementing Decree, 2 July 1982, to the LPG Law--Registration of LPG's, Cooperative, Establishments, and Cooperation Associations and Their

Statutes," signed by Willi Stoph, chairman, GDR Council of Ministers, and Heinz Kuhrig, minister for agriculture, forestry, and foodstuffs/

/Text/ The following is decreed on the basis of article 47 of the law of 2 July 1982 on Agricultural Producer Cooperatives--LPG Law--(GBl I No 25 p 443):

Article 1

(1) To ensure order and safety in legal relationships, the LPG's are obligated to get themselves entered in the LPG register (hereinafter described as register).. To be submitted for the purpose of registration to the kreis council, department agriculture and foodstuffs industry, where the LPG is domiciled, is the foundation protocol, the statute and the list of names of legal representatives (chairman, deputy chairman and members of the executive board) in duplicate and within 3 days from the adoption of the resolution on the establishment of the LPG.

(2) Paragraph 1 applies mutatis mutandi to cooperative establishments, cooperation associations and federations that are independent legal entities (hereinafter described as cooperative establishments, cooperation associations and federations).

(3) Insofar as legal regulations provide for the bezirk council to be the competent organ for registration, the kreis council, department agriculture and foodstuffs industry, must promptly forward the documents for registration.

(4) Paragraphs 1-3 apply mutatis mutandi to any amendments of the statute, applications for ending the capacity of acting as a legal entity of the LPG,cooperative establishment, cooperation association or federation and any other applications regarding the amendment or supplementation of the register.

Article 2

(1) The register is kept by the kreis council, department agriculture and foodstuffs industry or, in cases stipulated by legal regulations, by the bezirk council, department agriculture and foodstuffs industry.

(2) The ministry for agriculture, forestry and foodstuffs must ensure the direction and supervision of the state organs competent for registration as well as the uniformity of register keeping.

Article 3

(1) New establishments or mergers of LPG's, the transfer to or acceptance of economic units of other LPG's or cooperative establishments as well as the establishment or amendment of the assignments of cooperative facilities, cooperation associations and federations must be prepared by LPG executive boards, cooperation councils, management organs of the cooperative establishments, cooperation associations or federations together with the state organ competent for registration.

(2) The state organ competent for registration ensures the discussion of the measures provided as per paragraph 1 by the kreis councils for agriculture and foodstuffs industry.

Article 4

(1) Registration must take place within 14 days from receipt of the documents, provided the establishment of the LPG, the cooperative establishment, the cooperation association or the federation as well as the statute or the amendments to the statute accord with the requirements stated in legal regulations.

(2) If the documents submitted do not accord with the requirements stated in legal regulations, the state organs competent for registration must give aid and assistance to the executive boards of the LPG's or the management organs of the cooperative establishments, cooperation associations and federations in the revision of the statutes submitted or the amendments to the statutes as well as in the preparation of the necessary decisions by the general meetings or executive boards of the LPG's or the management organs of cooperative establishments, cooperation associations and federations.

(3) The entries in the register take effect at the time of registration. They serve as evidence of the facts recorded.

(4) LPG's, cooperative establishments, cooperation associations and federations receive a copy of the statute submitted, carrying a notation of the registration.

Article 5

(1) Registers must be kept for LPG's, cooperative establishments, cooperation associations and federations as per the appendix.

(2) A separate register page must be assigned to each LPG. The register pages are to be numbered consecutively. Subsequent amendments must be added to the register page. Cancellations are recorded by red underlinings.

(3) The documents and registry documentation for each LPG must be kept in a subfolder to go with each register page.

(4) The provisions of paragraphs 2 and 3 apply mutatis mutandi to cooperative establishments, cooperative associations and federations.

Article 6

(1) To carry out the tasks involved in keeping the registers by kreis councils, departments agriculture and foodstuffs industry, or bezirk councils, departments agriculture and foodstuffs industry, authorized agents are to be appointed to keep the registers.

(2) The authorized agent appointed to keep the register examines applications with respect to completeness and the observance of legal regulations; he decides about registration.

(3) The registration must be signed and dated by the authorized agent appointed to keep the register.

(4) The LPG, cooperative establishment, cooperation association or federation receives notification of the registration. The registration is not published.

(5) The authorized agent appointed to keep the register decides about any application to view the entry or to obtain written information, provided this is stated in the implementing decree.

Article 7

(1) In addition to supplying regular excerpts or copies, the authorized agent appointed to keep the register is entitled to notarize excerpts and copies from the register.

(2) Notarization is provided by a notation set below the excerpt or copy, documenting its agreement with the entry in the register. The notarization notation must include the place and date of issue and must be signed and sealed by the authorized agent appointed to keep the register.

Article 8

(1) In addition to the legal and authorized representatives of the registered LPG's, cooperative establisyments, cooperation associations and federations, the following are entitled to inspect the register or statutes deposited:

a) Legal or authorized representatives of socialist enterprises maintaining economic relations with the LPG, cooperative establishment, cooperation association or federation,

b) Managers or authorized representatives of state organs or state establishments,

c) Authorized agents of state credit institutions.

(2) Other persons may inspect the register or obtain written information if able to prove justified interest.

(3) Regular or notarized excerpts or copies of register entries may be obtained only by the registered LPG's, cooperative establishments, cooperation associations and federations as well as authorized persons as per paragraph 1 letters a-c.

Article 9

(1) Decisions by the authorized agents appointed to keep the registers may be appealed. The appeal must be submitted in writing within 2 weeks from the issue of the decision

a) To the deputy chairman of the kreis council for agriculture and foodstuffs industry in the case of decisions by the authorized agent appointed to keep the register at the kreis council,

b) To the deputy chairman of the bezirk council for agriculture, forestry and foodstuffs industry in the case of decisions by the authorized agent appointed to keep the register at the bezirk council.

(2) The deputy chairman of the kreis council for agriculture and foodstuffs industry or deputy chairman of the bezirk council for agriculture, forestry and foodstuffs industry must issue a final decision about the appeal within 2 weeks. The decision about the appeal must be given in writing.

Article 10

This decree takes effect upon publication.

Appendix to the Preceding First Implementing Decree

Register of the LPG's of Kreis.....[1] Register No .....

Serial No of the Entry	Name and Head Office	a) Name of the Chairman b) Name of the Deputy Chairman c) Name of the Executive Board Members[2]	a) Facts to be Entered b) Date of Registration	Remarks on Documents and Entry Documentation
1	2	3	4	5
Example:				
1.	LPG Crop Farming Head Office...	a) Meier, Walter b) .... c)	a) Registration of the LPG and its statute of 2 May 1982 N.N.[3]	See Subfolder page ...
2.			a) Amendments of 10 October 1982 of the statute b) 24 October 1982 N.N.[3]	See Subfolder page ...
3.		a) Schulze, Alfred	a) Change of man b) 7 December 1982 N.N.[3]	See Subfolder

1. Mutatis mutandi also for kreis cooperative establishments, bezirk cooperation associations and federations.
2. In the case of cooperative facilities, cooperation associations and federations the names of the persons authorized as per the statute to represent them in legal transactions.
3. Signature of the authorized agent appointed to keep the register.

CHANGES ENHANCE EFFICIENCY AT AUTO COMPONENT WORKS

Budapest PARTELET in Hungarian No 7, Jul 82 pp 63-67

[Article by Tibor Moravetz, secretary of party committee in the Bakony Works: "Structure Change and Organization in the Bakony Works"]

[Text] Investigating what a production enterprise has done in approximately a decade in the interest of the continued development of plant and labor organization is not an easy task. It is not easy partly because this topic is extremely manifold, and partly because there are no unambiguous measuring methods available to us. It was not without reason that the Central Committee resolution has pointed out that the system of requirements of organization and the system of reporting suitable for evaluation must be worked out. It is characteristic for the complicated nature of this topic area that based on the resolution the Central Statistical Office [KSH] has developed an evaluation system composed of 408 indices, which even so is still not free of a certain amount of subjectivity.

Because of all this, the article dealing with implementation of the Central Committee resolution tries to summarize the experiences deemed most important. Or more precisely: It wished to report on those efforts of our enterprise which contribute to the improvement of organization and to increasing the standards of economic operation. Simultaneously with the 1968 reform of the economic management system, our enterprise was also facing fundamental changes. For example, the Hungarian-Soviet automobile industrial cooperation was signed that year, and we also joined the passenger car cooperation. Preparation of the profile change at that time required significant organizing and development work. In practice, an internal mechanism had to be developed in the enterprise which was more suitable than the previous one for handling higher level economic tasks and for implementing the market's effects.

The Bakony Works embarked on the local implementation of the Central Committee's 1 December 1971 resolution in possession of new technologies and production experience close to the worldwide standards. Participation in the Lada cooperation, and after 1973 in the FIAT P-126 cooperation, demanded from management and from the workers' collectives that they direct their main efforts on producing component parts for cars and to get rid of quite a few products which by then had become unprofitable and obsolete; in 1970 the

enterprise had 46 main product groups, which decreased to 37 by 1980. Of course, the collective product structure modification consisted not only of decreasing the number of the product groups, but it also meant that about half of our products were replaced [by others].

New Profile, More Complex Tasks

In addition to significant modification of the profice, other things also took place: the number of production units increased, and the roles they play in production also changed. Production was on the increase, and even though the improvement of productivity provided more than 60 percent of the increase in production value, it became necessary for us to search for other manpower sources instead of the manpower available in Veszprem, which had dried up. The megye's party leadership and government recognized the problems of the Bakony Works and included the enterprise's interests in the megye's employment and industry-settlement concepts. As a result of this, in a few years the enterprise built four large plants away from Veszprem, which became the basic conditions for further production increases. This process continued in the mid-1970's, so that in 1977, in addition to the home plant, production was in progress in seven satellite plant locations employing about one-third of the total manpower. This industrial development was implemented differently from the usual industry settlements since the organization of the plant locations, besides being forced to implement extensive developments, was also based on rational labor sharing, on specialization, and on cooperation which at the same time also resulted in significant productivity increases. We can credit the success we achieved in this area primarily to the fact that from the very beginning the home plant treated the satellite plants as equal partners. The existing modern machinery and equipment were placed in these locations. The partnership of the creative man wishing to work efficiently, and of modern technology produced results; the enterprise which between 1963 and 1965 was still a small one with a hodge-podge profile (at that time it produced small household machines, metal packaging equipment, steel braces, locks, tools, spare parts for the volume metal products industry, and who knows how many other small products), by the mid-1970's grew into an automotive electrical specialty enterprise employing nearly 6,000 people.

The Central Committee's resolution was born at the time when the Bakony Works was already working on implementing the cooperation deriving from the opportunity of the "business deal of the century." Production reached full scale in 3 years: in 1970 we sent 35,000 sets; in 1971, 165,000 sets; and in 1972, 300,000 sets of windshield wipers, ignition switches and twin horns to the Togliatti Automobile Factory. It was at that time equivalent to the "production" of 5,800 Lada cars per year.

Such a high rate of production increase made the enterprise's technical and economic experts, as well as the political and social organizations, face extremely large tasks. Organizational work as well as shaping the public's mood came into the focus of attention at about that time, as did the creation of the correct relationship with the new economic tasks. No matter how formal this may seem, the department of organization had to be created as the

first step with the task that it should fit the organizational activity of the various level economic units to the central intentions of the enterprise. Besides developing the organization, we also paid much attention to reinforcing the idea that organizing is not just the task of one organization but of every organization of the enterprise, and of the managers at every level. The production increase became possible only by solving the plant and labor organization tasks coupled with modern thinking. This process was made more difficult by the fact that the product structure continued to change. The Lada program was joined between 1972 and 1975 by products such as the small circuit-breakers manufactured on the basis of the Schrank license, the P-126 product family with an annual volume of 150,000 units, or the installation-technology equipment made according to the Bosch license. Parallel with the introduction of the new products, the advanced development of the traditional constructions also began.

In order to be able to form a realistic picture about the growth of the Bakony Works, we must by all means also mention the advantages and disadvantages of contracts based on closed construction cooperation. Subcontracting for automobile manufacturing has fundamentally and for the long range insured the employment of manpower with a relatively high technological level, and created the basis for the enterprise's continued growth. At the same time, in the second half of the 1970's the pricing and profitability problems of closed cooperation developed; namely, what was involved was that the production conditions of the agreement made in 1968 have changed during the years, and as a result of this the profit decreased by about 230 million forints between 1978 and 1980.

Even though overhead costs steadily decreased, due to the material and energy cost increases, the commercial exchange rate decreases, and moderation of the state subsidies, sufficient enterprise funds were not formed to finance continued technological growth. These types of difficulties forced the enterprise's collective--recognizing the stumbling blocks of economic operations--to take even better advantage of the available means. The efforts aimed at optimizing the product structure, increasing the amount and quality of production, greatly increasing the nonruble accounted export, and a whole seried of organizational and economy measures highlighted the implemented measures.

As I have already mentioned, improvements and changes in plant and work organization are not easy to describe even if the numerical data characterizing the enterprise's growth are available. Our organizational experts developed those indices in 1980 according to the KSH's evaluation system, indices which are best suited to express the level of the enterprise's organization. Based on this evaluation, the organization of Bakony Works was placed at about 60 percent, which--according to the comparative data available to us--is judged to be somewhat better than the nationwide average. Let's look at some characteristic facts: compared to 480 million forints in 1970, last year's production value was 1.4 billion forints. Even though this is a huge increase, it would not say much by itself if we did not know that quality changes accompanied the quantitative increase. In 1979, for example, the per capita production value for the year was 113,000 forints, while last

year--at comparable prices--it was 261,000 forints. The productivity increase is even higher in the passenger car cooperation. In addition to this, the number of shifts increased by an average of 40 percent in 10 years, and earnings more than doubled. The per capita annual earning is 46,000 forints now, and this is better than the average in this industrial branch. The increase of efficiency and higher level of production is also indicated by the fact that at the end of the 1960's the enterprise had only a few modern, high-performance machines, while today there are almost 300 of them in operation. An important task of the economic operating units operating the machines is to exploit the capacities of the machines near the optimum. The management of the enterprise assembles annual plans for this with the involvement of the factory units. This year, for example, the expensive presses must be used at 90 percent capacity, the metal-removing machines [e.g. lathes, milling machines shapers] at 70 percent, the surface-finishers lines at 80 percent, and the casting machines (due to their rather deteriorated conditions) at 65 to 70 percent. It is also a proof of growth that in 1970 there were 40 professionals with college-level education working in the Bakony Works, while there are 240 now--and even this is not enough!

The introduction of the new product group different from the automotive electrical profile lent further speed to modernizing the plant and work organization. It served the enterprise's competitiveness, flexibility, and "being able to stand on several legs" which even now is a very timely requirement. We are talking about the manufacturing of the installation technological equipment for Bosch, for which we bought the license with the aid of the machine industrial portfolio and of the OMFB [National Technical Development Committee]. Since the mid-seventies this business has not only created new markets and greater profitability but also increased the technological culture. This is because we ourselves also applied these modern tools of installation [assembly] development, and through this the assembly employment which is very significant in our profile, achieved a 40 percent productivity increase. We can state practically without exaggaration that the product group developed on the basis of the work method known by the name 3-M (motion analysis, job study, and workplace development), and the comprehensive design-production and startup process revolutionized the assembly work that had very low standards and high demand for live labor, in the most varied areas of the national economy. It also increased the efficiency of the new technology here, which basically requires trained labor, by the fact that we applied it together with group wages which provide incentives. It is characteristic for the interest in these products that in addition to the assembly lines we built for ourselves, we have started up almost 30 assembly lines and complete assembly facilities for various enterprises and institutions.

Improving the Directing and Interest

The efforts of the enterprise's management aimed at further developing the internal directing system are also aimed at increasing the efficiency of work. The unique directing system of Bakony Works is characterized by:
--the concept of the production units producing product independently;
--centralization of the decisive portion of spare-parts production;
--cooperation among the factory units.

The production of independent products is justified not only by the decreased transportation distances and costs, but also by that natural human need that we like to see the concrete product of our work. And inexpensive operation of the costly and high-performance-capacity machines can be insured only if we tool up simultaneously the component parts of several products on the same machine. Of course, this manufacturing format requires greater attention and good coordination. Together with this, the independent production of products and a high degree of internal cooperation fit in with each other very well. The industry settlements and investments serving the enterprise's growth justified that in addition to production and development we should also create a chief engineering organization which coordinates the activity mentioned also at a higher level. This organization justified its right to exist especially in organizing the large-scale investments of recent years.

In the interest of implementing the modern information and decisionmaking system, the enterprise embarked on building a production-management and business-management system using a large computer. We trust that the computer replacing the small machines will in the future insure more efficient and more modern operation of the internal management. Gradual expansion of the independence and sphere of authority of the factory units, improvement of function of price and cost management, and the modification of the technical development and quality assurance organizations are in progress.

Significant progress has been made in developing and using a wage system with better incentives. The question of the wages and appreciation of foremen and technical and economic experts is on the agenda again. In this respect, we have already succeeded in taking some concrete measures which better appreciate technical and economic knowledge.

The party committee of Bakony Works has been placing on its agenda the control of modernizing the enterprise's plant and work organization at least once a year since the Central Committee resolution was issued. One of the most important tasks has been that the workers as well as the managers should understand the importance of that change in ideology which absolutely has to take place--in the interest of raising the standard of living--in economic operation, production and technological life. The basic party organizations as well as the economic-policy working committee have accepted very significant parts in solving this task. Observations and criticisms have been presented in a number of cases in the forums of the party and mass organizations, which--perhaps not even always consciously at the moment they were being defined--were aimed at improving the plant and work organization.

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From the nature of production, it follows that the question which represents the foundation of all organization, that is, how the various products could be produced with less lost time, greater accuracy, better quality and smaller material investments, must be kept in the forefront at all times. In the interest of this, the goals defined by the Central Committee over 10 years ago continue to play a role in the medium- and long-range plans of the Bakony Works. Our major investments in progress at the present time, such as, for

example, spark plug manufacturing on the basis of the Smith license from England, and the reconstructions of the production of automotive electrical products or even of the production of carbon dioxide cartridges for soda water, are done on the basis of the requirements of modern plant and work organizations. Good quality, production with material and energy savings, and appropriate profitability continued to remain the basic requirements. The effort of the Bakony Works to implement all this with the financial and moral appreciation of the workers collective and under continuously improving social and working conditions, joins these technical and economic requirements.

8584
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LONG-RANGE FUEL, ENERGY DEVELOPMENT ASSESSED

Polish Science Academy's Analysis

Warsaw RZECZPOSPOLITA in Polish 22 Jun 82 pp 1, 3

[Article by Tadeusz Podwysocki: "Without Energy There Will Be No Bread, Meat or Housing. A Penetrating Professional Report on the Country's Fuel-Power Industry Management. The Causes and Way Out of the Impasse".]

> [Text] The professional report on Poland's fuel-power industry management during the time of crisis is the newest, highly penetrating and comprehensive study conducted within the framework of the PAN [Polish Academy of Sciences] Committee for Problems of the Power Industry by Prof dr Kazimierz Kopecki. This study is intended for the executive party-government authorities and for the needs of institutions and scientific committees. What does this document contain?

One of the conclusions of the report reads as follows: in order to prescribe a medication, the causes and the nature of the illness must be recognized. That is the reason for the thorough analysis of the causes for the crisis and its effects on the power industry and fuel management. Disproportions appeared in the development of the energy-intensive industry in relation to the fuel-power industry base. There was never a long-term plan for the power industry. We had and still have an incorrect, obsolete structure of obtaining primary energy. The proper, long-range development of the nuclear power industry was not secured as a result of the conscious activity of the authorities.

The development of a turbine factory in Elblag was not secured as was not the expansion of pump, fan as well as electrotechnical apparatus factories. The construction of hydroelectric power stations and of other hydropower installations in Solina, Czorsztyn, Zydowo, Porabka-Zar and Zarnowiec exemplified incompetence.

The adage about the shoemaker going without shoes applies very well to the power industry. Thus, the efficiency with which electric energy was produced in electric power plants worsened systematically. This affected 500 Mw power units as compared to 200 Mw power units. The losses are extensive in the electric and heat distribution mains.

The professional report indicates that the constantly increasing energy-intensiveness (as compared to production) of industry resulted from false investment assumptions and the use of improper production technology. For this reason, the per unit use of primary energy in our country is very high and deviates considerably from that of other industrialized countries.

And this is where we reach the essential conclusions of the professional report. The report warns against...making substitutions, at any cost, with domestic raw materials and semifinished products which had been imported until now! Why? Because raw materials from poor, low-grade deposits require more energy which, after all, is highly unremunerative.

Thus, the conclusion: that in reaching out for native raw materials, it is first necessary to conduct a thorough cost effectiveness and to honestly answer the question; what is more advantageous: reducing the export of coal, a drop in labor productivity or the mining of an energy-intensive raw material?

Above all, the report disperses the myth that noninvestment improvements of efficiency have been, in practice, introduced and the possibilities of economizing in this way are minimal. In other words, improved energy use requires investment and modernizing outlays. Prof K. Kopecki states point-blank: "Unfortunately, long-standing energy wastefulness is not easily eliminated--this requires considerable means and time."

Everything is worthwhile after all if during 10 years of consistent activity of improving energy use, it is possible to save from 25 to 30 million tons of standard fuel annually. This is a huge amount.

The future--what does it hold for us? How can we emerge from the crisis? The author of the professional report declares: "No one is able to describe with a sufficient degree of probability what the trend of coal mining will be or that of obtaining natural gas or crude oil of the development of the energy-intensive industry." However, Prof K. Kopecki adds that one future trend which is capable of being specified is the line of demographic development which is of great significance to the outlining of a vision of the power industry. Despite all the reservations, the professional report provides information about the near and distant future of the country's fuel-power industry management which is capable of being predicted.

The state of progress on the construction of new electric power plants does not reveal chances of accelerating the investment. That is why, between 1981-1985, the increase of operational output will probably only amount to 4.8-7.3 GW [gigawatts] and during the 1986-1990 period, it will be from 7.1 to 9.6 GW. It should be added here that during this entire 10-year period, there will be a concurrent discontinuance of worn-out installations with an output of 1.2 GW. And this leads to yet another conclusion of the professional report: that serious shortages of electric energy should be expected until 1990 and even later.

However, there is a way out of the situation. The said deficit can be decreased if work on the development of the nuclear power industry slated to extend beyond 1990 is already begun now. Prof Kopecki assures us that only the nuclear power industry can save the country from a lengthy recession continuing beyond this century.

The professional report explicitly indicates the need for as large a development as possible, under Polish circumstances, of the nuclear power industry. In any case, it will be necessary to obtain 0.9 GW of power from the nuclear power plants and as much as 4.8 to 5.8 GW in 1995 and 11.8 to 14.8 GW in the year 2000.

The crux of the matter is that a 1-percent reduction in supplies of energy for industry automatically causes as much as a 2-percent drop in production. During the period before the crisis, a shortage of energy would bring in losses reaching 100-200 billion zlotys annually. Today, shut-downs and restrictions in the flow of electric energy to industrial plants cause outright immeasurable losses. The report states that a shortage of energy in industry can produce losses even 100 times greater than the commercial value of the nonsupplied energy. The conclusion? In the program of a way out of the crisis, the power industry must occupy first place, because without energy there will be no bread, no meat and no housing. Energy is indispensable for all production processes both in rural areas and in the city.

The report attacks the muth that a change in the structure of the economy will reduce the need for energy and it contains a reminder about democraphic growth and socioeconomic needs. Thus, it should be expected that the need for primary energy in the year 2000 will amount to 260-280 million tons of standard fuel. Until 1990, the share borne by solid fuels (hard and brown coal) will remain at the 1980 level. At the same time, not much will increase in terms of quantity. On the other hand, the share of hydrocarbons will hold at the present level (however, the demand for petroleum products will increase). The demand for petroleum products is predicted to be 19.6 million tons in 1985 and as much as 25 million tons in 1990. Despite the economic crisis, the quantity of the means of transport and of industrial machinery is increasing. If there were 618,000 tractors in 1980, then in 1985 we are to have 770,000 tractors in the country. Again, another inference made in the report: the demand for liquid fuels will increase, despite a reduction in the economy's general growth rate.

The procurement of a larger amount of crude oil from domestic sources is not to be expected. However, the production of natural gas requires quick and radical undertakings because we are producing increasingly less gas. These are the consequences of erroneous economic policies. Wihtout additional investment outlays, barely 3,180 million cubic meters of gas can be obtained in 1985 and 5 years later, not more than 1,620 million cubic meters. This crisis can be suppressed in advance. There still exist realistic possibilities of increasing production until 1985 and of obtaining 5,000 million cubic meters of natural gas annually.

If it impossible to present all the topics of the extensive professional report. It encompasses not only the possibilities of obtaining energy from new, unconventional sources but it also assesses the capabilities of the coking industry; it presents the problems of the power industry and of the construction of installations; it discusses the organization and structure of the fuel and energy industry and also stresses the role and significance of scientific-research work. We will, without a doubt, return to many issues touched upon in this professional report in this newspaper's columns.

Development Estimates, Outlays

Warsaw RZECZPOSPOLITA in Polish 23 Jun 82 p 1, 2

[Article by Witold Blachowicz: "In Search of a Program for the Development of the Polish Power Industry. Session of PAN Presidium".]

[Text] (Own information) On the 22nd of this month, a session of the Presidium of the Polish Academy of Sciences was held in Warsaw under the chairmanship of the president of the academy, Prof Aleksander Gieysztor. The session was devoted to a discussion of the professional report, "The Power Industry in the Time of Crisis" which was prepared and presented by Prof Kazimierz Kopecki.

A comprehensive discussion of this interesting, thorough and extensive report dealing with extremely important issues for the life of our country and that of our national economy was presented in yesterday's issue RZECZPOSPOLITA ("Without Energy, There Will Be No Bread, Meat or Housing"). Today, we are presenting some elements of the discussion on this professional report.

All those who voiced an opinion--members of the PAN Presidium and invited experts from other institutions--unanimously recognized the professional report as extremely comprehehsive and valuable. Indeed, the problems of the power industry have been presented in this report on the basis of the enitre scope of the country's economic and management issues without whose regulation it will be impossible to improve the state of the Polish power industry. From the presented opinions, it appears that, for example, a decided majority--it was even said that all--of our investments cannot be considered as efficient because they are materials-intensive and extremely energy-intensive.

On the whole, a great shortcoming of the hitherto existing developmental concepts in the country was basing the concept of the national economy on coal as basically the only and major source of energy. Other or new sources were not developed.

Acc rding to the opinion of experts, in the year 2000 an increase of energy will be possible within a 10- to 15-percent range and not, as is often proclaimed, within a 20- to 30-percent range. This last amount should be considered unrealistic. In order for our economy to develop even if only to the degree necessary, we must set aside no less than 5 percent of the national income for the development of the so-called fuel-energy complex. The development of the nuclear power industry and the construction of nuclear power plants takes on an important significance in the light of future needs.

Many of those who participated in the discussion agreed that a point of departure for the plan of the country's development and for surmounting the crisis must be the outlining of a solid program for the development of the power industry and its capabilities within the scope of providing for future energy needs. It is only on this basis that plans for the development of many individual domains may be built.

An issue of extreme importance is the wastefulness of energy and fuels and particularly of coal. During the 1971-1978 period, for every 2 tons of coal mined, 1 ton was wasted. For this reason, an improvement in the use and exploitation of energy is of great importance. Its shortage results in great losses. For example, until 1985, we will be forced to reduce the production of nitrogen fertilizers by about 30 percent due to a shortage of gas (hydrocarbons). It is not necessary to prove the kinds of consequences this will have on agriculture and on the amount of crop yields.

The issue of constant and undisturbed supplies of electric energy takes on great importance from the point of view of the battle with wastefulness. By way of example only, in the area of poultry farming, the shutting off of current for 1 minute leads to a 100-percent loss of poultry on industrial breeding farms.

It is difficult to enumerate here all the issues which found themselves in this hihgly valuable professional report. It should only be stated that without thorough knowledge of these issues, it is difficult to envision the proper management of the economy and the making of correct decisions. Therefore, it is all the more surprising that many managers of economic-type ministries did not come to the session of the PAN Presidium despite invitations which were sent out to them.

In the final part of the session, the members of the PAN Presidium accepted the activities report of the Academy for 1981.

9853
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FOREIGN TRADE IN LIGHT OF ECONOMIC REFORM DISCUSSED

Investments, Foreign Trade

Warsaw HANDEL ZAGRANICZNY in Polish No 3, 1982 pp 8-11

[Article by Jozef Wierzbolowski: "Investments and Foreign Trade in Light of Reform"]

[Text] The thesis that the scale and results of investment activities determine in substance the economic relations of a given country with the world economy and the structure of foreign trade requires no proof. Thus, for economic reform in the sphere of foreign trade and economic cooperation with other countries to influence the intensiveness and structural alterations of our exchanges, it is necessary to correlate the proposed solutions in this area with the appropriate solutions in the sphere of investment processes. The present lack of such correlation, as judged from available documents, represents a conspicuous gap in economic reform efforts.[1] This leaves a key problem unresolved: How can the proper implementation of the postulate of Team VIII for Economic Reform be assured? This postulate states "Above all the pro-export orientation of the economy requires the creation of conditions to increase outlays for investments associated with the expansion of exports" (Point 3).

The Assumptions of the Investment System Reform

In accordance with the assumptions presented by Team V, "...in a multiyear system, the base for shaping investment activities should be multiyear programs for developing the country--in principle, a 10-year period, developed by the progressive method..." (Chapter I, Point 3), and "...the central control of development relations should take place mainly through a system of incentives prompting the selection of investment projects that are preferred from the viewpoint of realizing the goals of socioeconomic development" (as above).

The relationship between investment classification and the division of decision authority that was developed by Team V is especially important. Accordingly, the following basic investment categories are differentiated:

--investments that are determined centrally;
--investments of economic organizations;
--investments of local authorities;
--investments in human resources (Chapter I, Point 8).

It is assumed here that an economic organization's own investments should constitute the major part of its investment activities.

Central investments are understood to be those investments that the Government decides to undertake (Chapter III, Point 1). For central investments, every investment undertaken by name should be preceded by at least two independent opinions evaluating its advisability and effectiveness along with an analysis of expected effects, including longterm effects, on balancing the internal balance of payments and on harmonizing the economy (Chapter III, Point 2). The total extent of outlays for central investments must be approved by the Sejm and cannot be changed without its agreement (Chapter III, Point 3). Specified sources for financing central investments are budget subsidies, budget loans or bank credit--in part or whole (Chapter III, Point 6); these sources should be designated when the decision is made to make the investment. To avoid pertubations in implementing central investments, it expected that a central investment reserve will be created which can be initiated by the Sejm at the suggestion of the Government (Chapter III, Point 3). It is assumed that the goal is that the value of central investments will not exceed 20 25 percent of the total value of planned investment outlays (Chapter X, Point II).

In accordance with the proposals of Team V, investments of economic organizations, state as well as cooperative, include all production-type investments (except those undertaken centrally) as well as associated investments and tasks in the social infrastructure area (Chapter IV, Point 1). In a goal-oriented system, these investments are supposed to represent the object of the independent decisions of these organizations (Chapter IV, Point 2). Economic organizations can finance their investments via their own resources that are based on depreciation charges and profit allowances or via bank credits (Chapter LV, Point 3). Replacement-modernization investments will be financed only via their own resources (with eventual use of anticipated bank credit), but development projects will be financed via interest-bearing and repayable bank credit along with their own resources (Chapter IV, Points 8 and 9).

The banking apparatus has very important tasks relative to development projects. This apparatus will decide the allocation of credit on the basis of detailed evaluations and analyses concerning the general economic-financial situation of a given economic organization, on the degree of fixed assets utilization, and--what is especially important--the economic effectiveness and advisability of a given investment which should take into account the assumptions and investment policy directions designated in the investment plan (Chapter IV, Point 10). In accordance with the Team V proposal, the bank should assure the controlability of investment processes in accordance with the requirements of the central investment plan, the economic effectiveness of the undertaken investments and the rationality of investment progress (Chapter IV, Point 14).

In accordance with the assumptions, the central authorities designate the basic interest rate as well as the overall extent of investment credit and its direction on the basis of the credit plan (Chapter IV, Point 10).

Team V's proposal also mentions the possibility of "investment-production cooperation encompassing collaboration with CEMA country economic organizations and joint ventures with other countries" (Chapter IV, Point 13), but no proposals were specified in this area except the reference to other regulations which eventually will be issued.

Local investments are those investments determined by all levels of people's councils and their executive organs. In particular, they encompass the technical infrastructure (urban transportation and communications), water pipelines and so forth as well as the social infrastructure, such as housing, health care, education and so forth (Chapter V, Point 1). It is assumed here that the local authorities at the voivodship level must develop the coordination function relative to all investments realized in their areas, including central investments and investments of economic organizations (Chapter V, Point 3).

According to the Team V paper, the central five-year plan will designate:

--the total amount of investment;

--the distribution of total outlays between the material production sphere and social consumption with a precise designation of the dimensions and the internal preferences of these spheres and with reserves singled out;

--the distribution of outlays for centrally determined investments including the most important investments specified by name, investments of economic organizations and investments of local authorities (Chapter II, Point 2).

In addition, the five-year plan of investment should also designate the disposition of outlays to realize the most important program such as feeding the nation, the housing program and others. A program to expand exports was not included among the programs specified in the Team V paper.

The Central five-year investment plan is of a dual nature: obligatory for the Government and informative-postulative for economic organizations when it concerns the outlay limits for central investments and the investment share in the national income (Chapter II, Point 4). Thus, the central plan explicitly (a) designates the directions of development which should be the object of special concern to the Government, (b) designates the guidelines for the parameter(s) of the economic calculation of the investment and (c) establishes the guidelines which the bank should follow in its credit and controlling activities (Chapter II, Point 5).

In its paper Team V clearly stipulated that the central investment plan does not designate directional investment tasks for economic organizations; for these organizations the plan assumptions only represent recommendations and information, including especially the directions of investment preferred by

the center. This plan is also supposed to include estimates of the anticipated maximum amounts of investment outlays associated with the above mentioned directions and an estimated prognosis of economic organization own anticipated resources designated for investment and the extent of bank credit (Chapter II, Points 5 and 6).

The annual central investment plans are supposed to be of a implementating nature relative to the five-year plan (Chapter II, Point 9). The conceivable limitations in the annual plans of total investment outlays relative to the assumptions of the five-year plan should concern only investment areas not yet initiated in order to assure continuity of realization and financing of continuing investments. A deviation from the five-year plan requires approval in accordance with the procedures stipulated for five-year planning.

The solutions that can be applied during the transitional period, during which the reduction in the investment program is supposed to take place, are listed separately in the Team V proposals. Despite the retention of some centralized type solutions (for example, during this period the share of central investments vis-a-vis the existing investment structure in Poland will be higher than planned), the Team V assumptions anticipate the implementation of the new solutions in 1982, especially those concerning economic organization investments and the role of the banking apparatus. As a starting point, it is assumed that in 1982 the classification of investments should be in accordance with the division of decision authority stipulated in the target program (Chapter X, Point 10). This means that the 1982 investment plan should be based on a new system, along with the consequences resulting therefrom. Central investments, after their list of projects projected to be continued has been established, will continue to be decided by the government, and their raw material and material needs will be provided for by way of control (Chapter X, Point 11). But in the sphere of the investments decided exclusively by the economic organizations, there will be two basic groups of tasks:

--those tasks outside the pool of central investments designated for continuation in the 1982 Investment Plan and accepted by economic organizations on the basis of unconstrained acceptance (included here are the smaller investment tasks from the so0called food complex and investments of a pro-export nature and investments ensuring market production;

--replacement-modernization investments.

The development funds of economic organizations, aided by depreciation, profits and anticipated bank credit, are supposed to be a source of financing the investments of these organizations. The method of using these funds remains the exclusive decision of economic organizations (Chapter V, Point 12). It also is assumed that in 1982 most basic feeder-supervision functions in managing investment processes would be taken over by the banking apparatus (Chapter V, Point 13).

According to Team V, the efficient execution of the investment reduction program should be acknowledged as an especially important problem during the transitional period (Chapter V, Point 2). This verification should be

conducted by taking into account existing and proposed cooperative links within Poland as well as international links (Chapter X, Point 4), which in the entire paper is the only reflection of the specialization ties that link Polish industry with the industries of other countries--a presently unappreciated fact, especially the CEMA countries. To consider the possibility of obtaining foreign contractors for the probably continuation of investments that are scheduled to be delayed or dropped, probably on the basis of joint ventures (the Team V paper does not make this clear), in the framework of the planned reduction also appears to be advisable.

The proposals of Teams V of the Commission for Economic Reform presented above have a very serious implication for Polish foreign trade.[2] In the light of these proposals and those of the Team VIII paper cited above, the resolution of the following problems is necessary:

--the principles having an impact investment decisions from the viewpoint of needs and restrictions resulting from the trade balance and the conscious assumption of economic cooperation with other countries;

--taking into consideration in the system of bank credits the problems associated with foreign exchange lending, which in light of the Team V proposal is one of the primary resources impacting economic organization investments;

--the links between the central five-year investment plan and the analogous foreign trade plan.

Let us dwell briefly on each of the named problems. In the case of impacting investment processes, we must distinguish between three different decision spheres: central investments, economic organization investments financed entirely or partly by bank credits and investments of economic organizations financed solely by their own resources.[3] From the technical point of view, the impacting of central investments is the simplest. In as much as the totality of a decision remains in the hands of a single decision center, the whole problem resolves itself into a methodologically correct formulation of problems in the investment calculation that are associated with foreign trade on the basis of which these decisions will be made. The development of such a calculation is a separate matter that is outside the framework of this article.

Much more complicated is ensuring that investments of economic organizations will be impacted; these organizations are supposed to assume the greater part of total investment outlays. With regard to investments entirely or partly financed by bank credits, the bank can be the direct impact link, giving consent to distributing credit in accordance with criteria in which the foreign trade problem can also be built in . But with regard to investments by economic organizations financed by their own resources, such means of action are not even available. This means that to alter the presently centralized techniques for controlling investment processes to assure their pro-export nature, the entire system of means of direct impact should be introduced, which affect the behaviour or economic organizations two ways: economic and by stabilizing the activities of these organizations from the viewpoint of links with the world market.

Such mechanism as higher profits from export sales assured by an exchange rate, a suitable tax policy, the refund of tariffs on imported machinery and equipment in case an investment is acknowledged as pro-export, more advantageous rates of depreciation and others should be included among the economic resources.[4] Among resources stabilizing the activities of economic organizations from the viewpoint of links with the world market, one should consider among other things granting guarantees for issuing licenses for the import of supplies in those cases in which an economic organization undertakes an investment acknowledged as pro-export, providing it is linked with an assumed specialization or industrial cooperation with a foreign country. The withholding of a license can be a kind of punitive action in case an economic organization fails to fulfill undertaken obligations which would determine if an investment is treated as pro-export (for example, the nonachievement of a specified export level or exceeding the established share of imports relative to the achieved exports).

The creation of conditions stabilizing the activities of economic organizations from the viewpoint of their links with the world market also requires changes in the technique of planning foreign trade turnovers when compared with current practice as well as with the proposals presented in the above cited Team VIII paper. It appears that in starting to construct indifferently a plan for foreign trade turnovers, either a five-year or annual plan, it would be necessary above all to specify exactly that portion of turnovers resulting from the obligations of economic organizations already assumed relative to foreign partners that are designated in concluded specialization and cooperation agreements.[5] This part of the plan should include--as determined ahead of time--those turnovers resulting from guarantees that were coordinated at the time the decision to initiate a pro-export investment was made regarding imports of supplies, and the obligations of economic organizations regarding the level of exports resulting from these investments. Then the remaining portion of turnovers can be treated as variable depending on the central planners, linking in its activities the overall interests on a macroscale with the necessity of taking into consideration in the plan of turnovers the conditions resulting from the requirements for rational activity at the economic organization level. Among other things, however, this would mean profiting fully from the consequences of departing from the hierarchial concept of economic management in the framework of which the interests of economic organizations in the final analysis would be dedicated to macroeconomic goals established in a separate procedure outside these organizations. With the proposed approach, assuring goals on a macroscale would have to be accomplished by creating conditions for the rational activity of organizational units in the realistic sphere.

Without underestimating the significance of the above comments, it should be assumed that the form of economic organization investment, at least for the immediate future, will be based on bank decisions concerning crediting specific investments. In discussing banks in general, the Team V paper does not mention the kinds of banks, does not differentiate between investment credits in domestic currency (zlotys) and foreign exchange credit which is an inseparable element of the investment process on a large scale. The Team VIII paper also does not discuss these problems, in general leaving investment problems on the sidelines.

In case of investment credits granted for purchases in Poland by the NBP [Polish National Bank] and the BGZ [Food Management Board] or eventually by other banks, the basic problem leads to the development of such a calculation for the effectiveness of an investment and/or other criteria concerning bank decisions that they would take into account foreign trade interests in such a manner that it would make sense to the banks as well as to the economic organizations. In my opinion, Team VIII of the Commission for Economic Reform should develop suitable proposals to supplement their presented proposals.

Foreign exchange credits are a more complicated situation. Initially it should be determined ahead of time if economic organizations will be able to make use only of bank credits or government credits or will be able themselves to negotiate foreign exchange credits (for example, by concluding cooperative agreements with foreign partners). In the first case, in making a decision about the willingness to accept investments for crediting granted on the basis of independently conducted calculations of effectiveness or a license from the Ministry of Foreign Trade or from the Ministry of Finance, the NBP and BGZ additionally should exercise control over banker's acceptances servicing the foreign exchange turnover.[6] In the second case--requiring a substantial change in the entire foreign exchange legislation--in my opinion economic organizations should obtain beforehand properly issued licenses from the Ministry of Finance with the approval of the Ministry of Foreign Trade.

Regardless of the solutions accepted, and even in this case the expansion of Team VIII's work to date appears to be advisable, which would provide an additional advantage in that this Team will not only be involved with problems associated with current foreign exchange turnovers but also will be involved with economic cooperation with foreign countries.

The problems presented above would be incomplete without drawing attention to two still unresolved problems.

First, the links between the pro-export policy in the field of investments proposed by Team VIII and the officially formulate social goals, such as assuring the means of production for agriculture, health care and so forth, have not thus far been clearly outlined. Under conditions of limited investment funds, these are goals that are difficult to reconcile simultaneously, especially with the public's negative attitude toward attempts to improve directly the economic situation by activating exports. Secondly, irrespective of the solutions finally accepted, they will require the development of very complex information systems linking data derived from the foreign trade apparatus, the banking apparatus, tarrif offices, from investors and the like.

Unfortunately, both Teams of the Commission for Economic Reform took a common position on this very point; in their cited papers they devoted almost no attention to this problem.

FOOTNOTES

L. The paper of Team V of the Commission for Economic Reform entitled "Directions of Investment System Reforms," Warsaw, 30 September 1981, (typewritten, duplicated) and the paper of Team VIII of the Commission entitled "The Goals and Assumptions of Organization Reforms and the Functioning of Polish Foreign Trade," TYNKI ZAGRANICZNE 13 October 1981. Unless otherwise noted, all references in the text refer to these two papers.

2. The theses contained in the discussed paper were accepted at the 23 September 1981 meeting of the Secretariat of the Commission for Economic Reform with the Team chairmen and became the fundamental basis for the 1982 central investment plan.

3. To simplify matters, investments of local authorities are not considered here.

4. Criteria for such decision recognition should be the subject of diligent work by the IP [Planning Institute] and the IKiCHZ [Institute of Trends and Prices fo Foreign Trade].

5. I wrote more extensively on this subject in the article "Industrial Cooperation With Foreign Countries in the Practice of Internationalizing Production Processes in Poland," HANDEL ZAGRANICZNY, No 8-9, 1974; Unfortunately the comments made over 7 years ago are still relevant.

6. See: J. Wierbolowski; "Foreign Trade Monopolies Under Conditions of Economic Reform," HANDEL ZAGRANICZNY No 1-2, 1982.

Helplessness in Foreign Trade Organizations

Warsaw HANDEL ZAGRANICZNY in Polish No 3, 1982 p 12

[Article by Przemyslaw Gajdeczka: "Exchange Rate Risk, Profit and Organization in Foreign Trade Enterprises"]

[Text] It is not my intention to continue the discussion on exchange rate risk in as much as most arguments put forth by my polemeist in essence do not concern the theses forwarded by me.[1] However, I concur with the viewpoint that the reasons for the helplessness of foreign trade enterprises regarding the changeability of foreign exchange rates lies in essense in the foreign trade management system; it is worthwile to return to this subject in view of the economic reform assumptions in this sphere.[2] The concern here is especially about where risk arises and responsibility for exchange rate risk.

1. P. Gajdeczka: "One More Time About Exchange Rate Risk," HANDEL ZAGRANICZNY No 5, 1981; K. Kalicki: "Exchange Rate Risk. Another Way of Thinking," HANDEL ZAGRANICZNY No 6, 1981

2. HANDEL ZAGRANICZNY No 10, 1981.

It should be remembered here that the current approach to exchange rate risk was formed under directed annual plan conditions, principles of foreign trade monopoly (implemented in the form of a foreign trade enterprise) and the reorganization of the foreign trade apparatus in conjunction with the introduction of new principles for clearing import and export accounts. Several important consequences resulted from this; above all the role of foreign trade enterprise profit was weakened by reducing it to a secondary category by virtue of the directives of the turnovers plan; in the export-import rights of a given branch, the position of the foreign trade enterprise was monopolistic; account settlements based on suppliers' accounts (quasi commission) increase in conjunction with including some foreign trade enterprises in industrial associations.[3] In the existing system, foreign trade transactions were executed from the Polish side among monopolies, and decisions concerning the volume and structure of turnovers for the most part were made at the central level. Each side in justifying its reasons, denied responsibility for the eventual losses, realizing the greatest advantages.

Thus the view, as represented by K. Kalicki and others, on the need to transfer exchange rate differences to production enterprises is not surprising. In the meantime the serious problem was not the concern of the foreign trade enterprises, and Polish contractors, not having a greater impact on contracts, would have no other choice than to accept the entire risk resulting from participating in exchanges with foreign countries. In accepting such a solution, among other things, it interferes with the currently obligatory principle for promptly settling accounts among domestic contractors. If such a proposal was implemented and the entire risk of exchanges with foreign countries was transferred to domestic contractors then the question arises: What role will the foreign trade enterprise play which, of course, with their specialized cadres was formed to achieve the best results under risk conditions on world markets?

I would like to present a different proposal which goes beyond the problem of exchange rate risk. It appears that it would be worthwhile to examine the proposal to breakup the monopoly of foreign trade enterprises and to mkae profit the most important criterion for units participating in exchanges with foreign countries. The economic and organizational links between foreign trade units and domestic producers and the associated construction of their balance results will be of great significance for constructing the entire system.

In establishing the principles for settling export and import accounts, one must consider organization forms in industry, the specifid of the branches and intrabranch links, production assortment and the like. It is important to establish general principals and criteria and to permit domestic partners the freedom to choose appropriate forms of organization and accounts settling. Four basic types of foreign trade enterprises can be differentiated. The

3. These problems are discussed more extensively in the article "The Functioning of the Finance System of Foreign Trade Enterprises," STUDIA FINANSOWE, No 32.

first would appear in the frameworks of concern-type associations, in combines and large enterprises having large share of their production for export; in this system a foreign trade enterprise would have the characteristic of a foreign markets sales unit. The second would appear in associations of enterprises or large enterprises having a small share of thei production for export; here a foreign trade enterprise would appear as a commission agent based on existing principles. The third type would appear in relations with the remaining production enterprises (among which small producers, cooperatives and crafts would predominate); in this system a foreign trade enterprise would appear as a buyer on its own account. Finally, the fourth type would be a foreign trade enterprise executing turnovers of exchange type commodities; individual solutions adapted to the specific commodity and requirements of a given market should be obligatory here.

Among these four types of foreign trade enterprises, only one--the first--would be completely integrated with a producer, and only in such a system would the eventual exchange rate differences debit or credit the producer's balance result. Among the remaining three types, responsibility for exchange rate risk would be the burden of a specialized foreign trade enterprise.

Concerning methods of ensuring against exchange rate risks, the initiation of terminal transactions at the Bank Handlowy (Commercial Bank) appears to be indispensable. Irrespective of this, it will be necessary to form special cells in the bank or the WARTA insurance enterprise regarding the creation of a separate institution concerned with counseling in the areas of exchange rate risks, financial techniques and methods of closing contracts. All of these undertakings can become ways of realizing the principle that an enterprise participates in international exchange to make money.

Marketing in Reformed Foreign Trade Enterprises

Warsaw HANDEL ZAGRANICZNY in Polish No 3, 1982 pp 13-16

[Article by Krzysztof Kielbratowski and Andrzej Szanjder: "Marketing in a Reformed Foreign Trade Enterprise, a Discussion Article]

[Text] The purpose of this article is to present the possibility and methods of using marketing methods in a foreign trade enterprise. The subject considers the situation of the target assumptions of the economic reform as well as the transitional period. To date there is no complete agreement regarding the features of a reformed economy. The main part of the article is preceded by the general characteristics of the projected conditions for enterprise operations, which the authors treat as an objective.

A reformed foreign trade enterprise is an autonomous economic system. The autonomy of each enterprise will be reinforced above all by a favorable legal reulations system. From this viewpoint, the autonomy of an enterprise means that it has the status of a distinct legal person.

The state's influence over an autonomous enterprise is of an internal nature, that is it does not eliminate those features which determine the district legal status of basic economic systems. A shift in the gravity point occurs

in centrally managed economic organizations from instruments associated with a command-distribution system to an instrument compatible with a goods-money relationship.[1]

The primary aim of a foreign trade enterprise is to provide commercial services in exchanges with foreign countries. It operates as a separate system when it executes trade functions with foreign countries with sufficient competence when compared to competition with other foreign trade enterprises (existing enterprises or those that will be created in the future) and vertical echelons in production enterprises. The primary trump card of an autonomous foreign trade enterprise is the knowledge and know-how of its workers to solve general problems concerning participation in international exchange (for example, transporting goods to foreign countries and the use of other means of financing that differ from those used in domestic turnovers) and specific questions associated with the activities in particular foreign sales and supply markets.

The independent selection of geographical areas in which a enterprise operates and the services which can be rendered to other economic systems, executed on the basis of economic calculations, determine the commodities it will handle. The initiative of undertaking decisions supported by a suitable motivation system impels continuous ascertainment of the executed selection and searching for new opportunities.

A foreign trade enterprise can limit itself to the role of agent which is the only technical element in the exchange of goods and services process. If an enterprise has at its disposal the requisite resources (mainly domestic money and foreign exchange), it can undertake independently or in cooperation with a domestic and/or foreign partner under conditions of an agreement the manufacture of products for which there is a foreign market.

A foreign trade enterprise can also profitably fulfill an advisory function vis-a-vis other economic subjects in the area of detailed data information and analyses of particular markets as well as different ways of operating in these markets. Advisor and expert services can also be provided for foreign principal orderers interested in trade with Poland or another socialist country.

Because administratively guaranteed divisions of commodity, geographical and functional specializations will no longer exist, and the state will see to it that such divisions will not be imposed by the strongest economic systems, a foreign trade enterprise will be forced to compete with other foreign trade enterprises and the vertical echelons of production foreign trade enterprises.

A enterprise operating in the domestic and/or foreign market can use various means of operating, differing with regard to the starting point of the undertaken economic decision and the regulations for preparing and conducting

1. "Economic Reform: Main Directions and Methods of Implementation," PTE [Polish Economic Society], Warsaw, 1980 (a report by the team headed by L. Balcerowicz) p 21.

market operations. There are at least three such possibilities, namely the so-called production orientation (the starting-point of market operations is the manufacturing process and product), the sales orientation (distribution) characterized by the growing role of operations associated with the sale of goods, and the marketing orientation (the starting-point of enterprise operations is the buyer's needs.).

For a foreign trade enterprise the marketing method of operation is the most effective method of operation in foreign markets. It permits greater elasticity of operation and reduces risk. The substance of a foreign trade enterprise using the marketing method of operation is based on the following external (foreign) conditions:

--the great uncertainty and risk of operating in the international market which has been especially so since the beginning of the 1970s; there is no indication that this trend will not continue;

--the weakening of the world's economic situation which deters international trade, limits importers' purchasing capabilities and heightens competition among various suppliers; under such conditions exporters' operations must be elastic to adapt to and shape the market and to export goods that are not as susceptible to poor business conditions;

--the rationalization of purchase decisions and the striving of buyers to operate effectively which increases demand for goods that are of high quality, more reliable and less material intensive;

--maintaining the significance of competition not based on price (product quality, service, distribution and promotion) which requires a more differentiated operation from a supplier;

--the development of new forms of international trade and expanding its scope to all marketing operations;

--the specialization of operations and differentiation of consumer groups as well as the rise of new market segments which will make it necessary to research them and take them into consideration in market operations.

The scope of marketing activities conducted by a foreign trade enterprise depends on the methods of linking this enterprise with domestic suppliers and buyers of the sold goods. Let us assume that this enterprise can operate either as a direct sales element functioning between a domestic producer and a foreign buyer or as a trade enterprise organizing supplies for export in accordance with the needs of foreign buyers.

In the first case a foreign trade enterprise is treated as an economic subject cooperating with a producer to implement its marketing goals. The exporter has at its disposal a specific commodity offered to him by a producer and undertakes marketing operations enabling this good to be conveyed to foreign buyers.

The second situation means that the foreign trade enterprise initiates marketing operations, conducts research to determine requirements of foreign demand, initiates action to shape a product to meet a likely need, and makes price, distribution and promotion decisions. It also seeks out domestic producers capable of producing a desirable good. It thus realizes its marketing goals and has a much greater influence on the required product quality as well as the extent and depth of the assortment of sold goods. In both cases an appropriate agreement regulating their rights and obligations should be concluded between the foreign trade enterprise and producer.

In the case when the foreign trade enterprise fulfills only the function of an intermediate sales element, the area of research is established in an appropriate agreement. But a reformed autonomous foreign trade enterprise could also provide consluting services. This could happen, for example, if a production enterprise was interested in direct export or was not itself able to obtain the necessary information. A foreign trade enterprise can be one source where they can procure consluting services. Of course, the existence in the target model of specialized consluting enterprises is assumed. Under conditions of a foreign trade management system that permits an enterprise to make a decision based on an economic calculation, the operation of consluting firms will be indispensible and demand for their services appropriately large.

In turn, let us try to thoroughly analyze the influence of a foreign trade enterprise on shaping a produce relative to its specific elements in the marketing sense, that is quality, trademark, packaging, guarantees and technical service.

Among other things, offering an assortment of goods is a sales decision object. In the case when a foreign trade enterprise functions as an agent, this influence is small. But when it acts as an initiator of marketing operations, the scope of its decision is relative to shaping the product is much more extensive. It determines the product features that are required to satisfy the demands of foreign buyers, seeks out manufactueres and organizes production. In undertaking this latter operation, a foreign trade enterprise can also provide help to a producer in the form of financial and material help (also from imports and foreign exchange) necessary to initiate and/or continue desirable production. Foreign trade enterprises can also cooperate with a producer in the area of research-development work required to manufacture specific goods. It could lead to the creation by both parties of a company concerned with the production and sales of goods operating in accordance with marketing orientation principles. A foreign trade enterprise could also perform a function in the psychological area of differentiating goods by imparting its trademark on them on principles established in conjunction with a production enterprise. Similar cooperation could concern packaging, technical service and guarantees. A foreign trade enterprise can involve itself with supplying packaging material (also from imports) to a producer if the producer has difficulty in this regard or to meet specific requirements of foreign contractors. Producers could also commission an exporter to provide technical services which the exporter could perform himself or

commission to a specialized firm in the importing country to do it. The producer usually gives quality guarantees, but in this area a foreign trade enterprise, acting as a buyer on its own account, could give customers a guarantee for a longer period than that given by a producer and thus assume part of the risk but also obtain possibly a higher price. This type of activity by an exporter could be justified for exports to particularly demanding markets.

A second group of marketing activities of an enterprise is the shaping of export prices. A foreign trade enterprise plays a fundamental role in negotiating prices with foreign contractors, especially when acting as a buyer on its own account. When it acts as an agent, in effect it attempts to obtain prices established by the producer. In certain situations, that is when its role depends exclusively on contracting both partners (for example, when its acts as a commercial agent for precisely such tasks), its influence on prices is minimal or nil. To establish prices based on the conditions of a given market, a foreign trade enterprise should provide appropriate information on this subject to the producer. Operating on the basis of autonomy, a foreign trade enterprise will also be able to finance goods producers and/or buyers. As a result a foreign trade enterprise would receive a specified compensation (interest rate). This differs from the present situation wherein a foreign trade enterprise, acting as a commission agent, finances a domestic supplier, paying him ready cash for goods obtained by a foreign contractor on credit. A foreign trade enterprise could also operate del credere, undertaking the responsibility for the insolvency of a foreign customer.

Activities in the area of creating and expanding channels of distribution for exported goods can be divided into two spheres: domestic and foreign. It is assumed that in the domestic sphere a foreign trade enterprise does not have a monopoly in the export (import) of specified goods, that it can select a buyer, and that the producer can also choose among different trade enterprises. The latter--using economic resources--can influence suppliers in various ways to obtain a desired product (for example, by the amount of margin or commission, distribution of risk, and granting of credits). In this situation undoubtedly, a market of middlemen will appear, and they will have to compete among one another with regard to quality of provided services. Concerning the organization of the distribution of goods in the foreign sphere, then the basic task of a foreign trade enterprise is to ensure elasticity of supplies of exported goods and/or spare parts and a selection of optimal sales channels from the viewpoint of achieving the targeted market segment. To this end, the enterprise can use its own or foreign networks. It also can form commercial and production-trade companies with a capital share from the Polish side; the Polish participants can also be production enterprises interested in exporting their products. Some socialist countries use such a solution (for example, the STEMATEX company formed by a Czechoslovak firm in France). The distribution network organized by a foreign trade enterprise would also be involved with the transmittal of appropriate information on sales markets for market research and provide technical services for exported products.

The area of activities in the export promotions field (affecting the market) depends, as in the previous case, on an agreement with the producer. The promotion of exports depends on transmitting information to selected addressees to increase their knowledge about exporting enterprises and the products offered by them in order to offer them choices among potential or current foreign buyers. In this case, where a foreign trade enterprise acts as a promoter of export supplies and initiator of marketing activities, the promotional activities will also be directed toward the producers of export goods, banks, consumer organizations and, if necessary, governments.

If it is assumed that manufactueres will be able to choose among foreign trade enterprises, then these foreign trade enterprises will have to cater to the manufacturers so that in order to assume the middleman role in exports, it can as a result obtain a margin (provisions). The banks will also be important targets of operational activities since their credit decisions certainly will depend on the evaluation of the enterprise, its position in the market and financial standing. Along with this, it is assumed that the functions of banks in Poland will change, and they will be transformed into enterprises whose operations will be determined by economic calculation. Public relations will also be of significance in affecting domestic and foreign consumer organizations. The necessity of affecting domestic organizations is especially important because of the public's overwhelming negative attitude regarding the advisability of expanding exports. Changing the public's unfavorable attitude will require a long time.

Finally, the competition for commission (orders) to realize some transactions realized on the basis of intrastate agreements (for example, with other CEMA countries) can be the justification for promotional activities directed toward the state administration.

Under conditions of a reformed system, it is obvious that foreign trade enterprises should decide independently the directions, forms and costs (zloty and foreign exchange) of promotional activities.

In general, making foreign trade enterprises autonomous makes it necessary to devote greater attention to promotional activities in order to shape demand and to achieve greater revenues and profits from exports (assuming proper elasticity of product supplies for export).

The presented directions do not exhaust the list of marketing activities. We believe that the preparation of such a list is not necessary. In making a decision based on economic calculation criteria, foreign trade enterprises are in the best position to designate the most advantageous activities for a given economic system under specific conditions.

The presented marketing activities concern the target situation of implementing reforms. An evaluation of the possibility of using these methods during the transitional perio‌f is difficult. To date the executive resolutions, specifying the regulations of the law on state enterprises and their self-government, have not been issued.[2] However, assuming that the published

2. The article was written in October 1981.

"Directions of Economic Reform in the Foreign Trade Field" will be the basis for the "development by organs of the central administration of drafts of appropriate legal acts," then attention can be devoted to several problems.[3]

According to Article 46 of the law on state enterprises, a enterprise operates on the basis of its own plan "based on the results of a calculation of effectiveness" (Point 7 of "Directions of Economic Reform in the Sphere of Foreign Trade"). During the "achievement of a rational debt," the autonomy of foreign trade enterprises will be limited mainly by "the decisions of the central authorities concerning the turnover of centrally balanced goods" and the resolutions "resulting from obligatory international agreements" (Point 51). In conjunction with this a problem arises concerning evaluating the dependence between limiting the freedom to make a decision and the use by a foreign trade enterprise of principles of marketing in domestic and foreign operations.

If intervention by the central economic administration assumes the form of a nominal order to realize the export or import of controlled goods, then the monopolistic position of many foreign trade enterprises will be maintained. Among other things, the elimination of competition will mean that the enterprises obtaining the major portion of profits from brokering trade in such goods in general will not have to worry about its position in the domestic market for foreign trade services. Of course this does not preclude the possibility of using marketing methods in foreign markets. However, practical experience indicates that a monopolistic position of enterprises in combination with the lack of a proper system for motivating its workers markedly limits the use of marketing principles. In addition, taking into consideration the market specific of controlled goods (mainly basic raw materials and other materials) and the limitations of foreign exchange resources which could be used for marketing activities, one can anticipate that the area in which marketing methods can be applied relative to most controlled products will be small.

It is a general principle that producers will be able to obtain the right to conduct foreign trade autonomously (Point 7) and to select an importer or exporter "among foreign trade enterprises having a compentently unlimited area of activity" (Point 12). The acceptance of such a solution threatens the existing monopolistic position of particular foreign trade enterprises. Initially, as shown in practice, the right of producers to conduct foreign trade autonomously is perceived by these foreign trade enterprises as a primary danger. In the very near future foreign trade enterprises will also start to compete with one another. Under the newly-created conditions, at least some of them perceive not only elements of a threat but also the possibility of self-expansion by tradint in other than presently traded goods and by initiating new "kinds of activities (manufacturing goods, complementation, providing transport and other services and so on)" (Point 46). From the viewpoint of economic management, increasing competition in the domestic market for foreign trade services will depend in practice on whether, and in what area, the possibility of differentiating activities

3. RYNKI ZAGRANICZNE, No 122, 13 Oct 1981.

(as opposed to the existing manufacturing and functional competence) will be allowed in the acts concerning the creation of foreign trade enterprises and how they will be implemented under conditions where many goods are controlled.

One can anticipate that the potential threat from producers and other trade organizations will force foreign trade enterprises to analyze the domestic market for services associated with economic exchanges with foreign countries. From the foreign trade sphere (irrespective of how they will be oragnized), producers will expect supplies of import goods that are essential from the viewpoint of utilized manufacturing techniques. In addition to controlled goods and "materials, parts, components for production earmarked for domestic customers or for export to socialist countries" (Point 29), imported purchases for producers could be financed only in part by their revenues from the export of goods and services. Thus, an economically autonomous producer will strive to obtain the greatest foreign exchange proceeds. After the possibility of increasing the volume of exports is quickly exhausted (limited production capability and demand pressure of the domestic market), a producer's attention will focus on realized prices. This will force a intermediary foreign trade enterprise to seek ways of increasing prices for exported goods or lowering costs of imported products for a given producer by using marketing methods. At the same time it will be possible for a foreign trade enterprise to influence improvements in the quality of a producer's export offering *under present conditions, at least with respect to quality of manufacturing and scheduling of deliveries). The more a given producer is dependent on imported goods and services the greater the force of this influence.

Resolving producers' import problems does not have to mean only that the cheapest sources of supplies in free-currency-exchange countries must be sought or that means of financing imports by future exports must be uncovered. For example, a foreign trade enterprise can strive to assure more enduring contractual contacts between the producer country and foreign contractors or to seek profitable ways of obtaining supplies in the socialist countries. In the very near future an important source of profits for foreign trade enterprises can also be the organization of outwork turnovers for producers having excess manufacturing capacity. The extent to which marketing methods will be used in the domestic market will depend--as emphasized--on strengthening competition and the motivation system, encouraging foreign trade enterprise workers not only to be more efficient in their existing activities but above all to use their creative capacity to seek new ways of resolving problems as they arise.

In accordance with the "Directions for Economic Reform in the Foreign Trade Sphere," the "pool of foreign exchange for investments of pro-export significance that produces profits quickly "(Point 29) will stand alone. A foreign trade enterprise can make use of its marketing knowledge and know-how during the process of planning, realizing and exploiting such investments. The preparation of an investment plan requires, among other things, an evaluation of the net worth of future foreign exchange revenues which will depend on anticipated proceeds as well as costs. To evaluate

the flow of future proceeds, it will be necessary to select potential sales markets and to prepare prognoses of their needs for the projected good. The demand analysis stage in planning an investment will require knowledge of foreign sales markets. As a rule existing knowledge will turn out to be inadequate, and a foreign trade enterprise will conduct special market research. A foreign trade enterprise could also take over commercial service to realize an investment and to conduct export of manufactured goods after its implementation (along with essential supplies from exports). In accordance with the cited (Point 46) "Direction os Reform..."a foreign trade enterprise could also initiate independent exploitation of a realized investment (or become the producer of the good that it exports). In addition this would increase interest in the proper preparation of an investment project, which would be one of the important factors considerably lowering waste of foreign exchange resources and domestic investment outlays.

11899
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SPECTER OF BANKRUPTCIES IN ENTERPRISES REPORTED

Warsaw KURIER POLSKI in Polish 3 Jun 82 p 3

[Article by Andrej Kolpak]

[Text] On 1 April the mechanism for self-financing by enterprises officially began to function. It was joked about then that this date was selected not without cause, because under the current conditions of bankruptcy by the socialized economic units, it was indeed April Fools' Day! However, it was quickly shown that the economy does not understand jokes. Barely 2 months had passed, and already approximately 60 enterprises faced a completely real threat of bankruptcy. And this was only the beginning . . .

It used to be said that an enterprise never had to worry about money. When there were insufficient means to finance activity, a letter was sent to wherever necessary, and the national treasury came up with the cash. For those persons accustomed for many years to having the banking faucet turned on for any request, the current change in the rules is a genuine shock. It has been suddenly shown that the principle of self-financing is a double-edged sword. On the one hand, there is a hard economic principle: in the area of economic life, only those firms survive which achieve profits or maintain fundamental hopes in that direction. The remainder must pull in their sails.

A Difficult Dilemma

For an enterprise, a key issue today has become the possession of so-called credit ability. The condition for using credit is the demonstration of a reliable guarantee of profitability. There are now intensive negotiations going on between plants and banks with regard to the new conditions for obtaining credit, and because the deadline for completing negotiations is 20 June, it is already obvious that some firms will not escape bankruptcy.

Among the enterprises to which the Polish National Bank refused to grant credit, the most numerous were units dependent upon the Ministry of Construction and the Construction Materials Industry. An example is STOLBUD of Ciechanow, which for a long time has been kept solvent only through state subsidies, and which did not obtain credit because it could not guarantee that it would be able to repay its loans to the bank, as its orders covered

barely 10 percent of its production. Many other enterprises and building combines find themselves in a similar situation.

Among the potentially bankrupt companies are also firms from many other branches, and even such powers as POLAR of Wroclaw and the Polish Baltic Shipping Company [PZB]. The bank faces a very difficult dilemma because if only the enterprises' economic and financial situations are taken into consideration, the basic goal of their existence becomes a question mark. Social aspects also remain. For example, should Warsaw's BUDOPOL, which has a deficit, be dissolved when it has several assets, including hospitals? Can PZB be eliminated just like that and then sell the ferries? Resolution of these questions is not a simple matter.

On the other hand, this cannot impair the basic principle of reform, self-financing or the profitability of economic activity. Advocates of draconian resolutions feel that it would be better to allow the group of weak enterprises to go bankrupt for the benefit of a healthy economy rather than to revert to the old ways of supporting inferior enterprises to the detriment of the entire economy. Let us admit that this is not a simple alternative. It cannot be dismissed, however, that under current social considerations, the state simply cannot play the role of a generous uncle.

Polish Bankruptcy

When the legal changes for reform were announced, there were not ony particular regulations concerning the issue of behavior in the case of enterprise insolvency. Only now is such a regulation coming forward; a plan was presented not long ago to the Commission for Economic Reform. And after all, it was obvious from the beginning that the possibility of bankruptcy is a simple consequence of the principle of self-financing, and many enterprises cannot prevent it. Why then was there such procrastination in establishing legal regulations for this issue?

This does not mean that either the initiators of economic reform or anyone else want to see hundreds or thousands of enterprises forced to declare bankruptcy. On the contrary, such finality must be treated as entreme. In the draft law, the necessity for actions having the purpose or strengthening the business elimate among threatened enterprises is accented. If a firm has some hope for improvement, the founding organ (ministry, voivodship bureau) can withdraw from liquidation and agree to try to raise the enterprise either independently or through the commissioners' board. If this step does not show results, then the final decision will come . . .

Because the term "bankruptcy" up to now has not existed formally in our economic policy, it is an interesting issue as to how bankruptcy is supposed to be carried out. The draft law establishes that the conduct of this sad affair belongs to the voivod court. The result is declared by the founding organ, bank, commission manager or the director of the enterprise. The court, after evaluating the insolvency, appoints a legal advisor who notifies the creditors as to the liquidation of the enterprise's property. An agreement with the creditors is sought, but if an understanding is not achieved,

then the enterprise can be sold to another social economic unit, but for an amount less than the debt service. If such a transaction cannot be completed (e.g., for lack of buyer), then the legal advisor pursued the liquidation of the bankrupted enterprise's remaining property.

Sensitive Issue

Another sensitive question remains: What happens to the work force? The laws of economics everywhere are universally brutal, but we take pride in the different approach toward workers' issues practiced here over that the capitalist countries. Thus, it is necessary to adopt other solutions than those employed in the West. The draft law then states that from the instant of declared bankruptcy, either the enterprise's director or the commissioners' board is required to settle all labor agreements within an acceptable time frame. People will have to look for a new job, but they will not be left out in the cold.

The responsibilities of the director and members of the workers councils are also established. It will be a very bitter pill for them, because it is stated clearly that the director of an enterprise that has a commissioners' board or has declared bankruptcy cannot hold an administrative function in the socialized economy for 5 years. Members of the workers council are denied their voting rights in the employee self-government organs for a comparable period. Introduction of these penalties for incompetence will guarantee the halting of the "position carousel," which has provoked a great deal of justifiable protest. Whoever fails the examination must resign from the director's chair or seat on the workers' council.

Thus, for the first time in our postwar economic history, enterprises will no longer be led by the hand, and now must worry about not ending as failures. This is learning to swim in a stormy sea, which is certainly not easy, and some will have to hold on by their fingernails just to stay above water. Behavior by the banks indicates that they intend to adhere to the rules of play and not make any concessions. Those enterprises which used to believe in the possibility of aid in the most drastic circumstances are now living through a sorrowful shock.

But because the threat of declared bankruptcy hangs over many plants, a genuine need to refurbish the work of the self-governments has taken place. More than ever before, the fate of the enterprise rests in the hands of the work force. Its representatives must become actively involved in actions that will decide whether the enterprise succeeds or fails. Without genuine self-government, it will be difficult to gather strength and to ward off the specter of bankruptcy.

9807
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EXPORTS IN LIGHT OF HALTED INVESTMENTS DISCUSSED

Warsaw HANDEL ZAGRANICZNY in Polish No 3, 1982 pp 5-8

[Article by Zbigniew Gorski: "To Lose or Share? (A Discussion Article)"]

[Text] One of the signs of the economic crisis is a considerable limitation on investment processes, which has compelled the halting of many installations that had been begun. Among other things, this is making it necessary to dismiss some workers, frequently highly skilled ones, or to bear the costs of retraining them, and of the lower than anticipated production of certain products.* Other consequences are the "aging" of equipment and technology, for which the following are (or could be) responsible: the halted investments, the loss of guarantees for the importation of machinery and technology from abroad, and finally, the physical deterioration of the halted investments. The question thus arises of whether we can minimize the enormous losses that our economy will have to suffer.

One way to avoid at least some of the negative consequences of the halting of many investments in Poland is to increase the funds for continuing the installations that have been begun. In connection with this, the next question arises: from what sources can one hope to obtain outlays for this purpose?

At present, it is obviously not possible to increase the share of investment in the national income, since this would result in a further reduction in society's standard of living, an intensification of the market imbalance and an increase in the level of inflation, decreased exports, and increased import needs.

An alternative source, instead of domestic capital formation, may be obtaining the essential funds from abroad. Poland's situation as a borrower for investment purposes, however, is exceptionally difficult. The country's high level of indebtedness, and the under-utilization of past investment credits, cannot put potential lenders in an optimistic mood. It is well known that one of the conditions for a more active credit policy with respect to Poland is that the economic reform be put into effect. This will undoubtedly be a long-term process, as is emphasized by the creators of the reform themselves. If only

*L Brajter: "Perhaps It Can Be Done Differently," ZYCIE GOSPODARCZE No 4, 1981.

for this reason, a longer period of time will be required to consolidate the country's position as a fully solvent debtor. It is precisely the influence of time, however, that is increasing the losses due to the investments that have been begun and halted. As is well known, there are various forms in which foreign funds are utilized for investment purposes: from banks credits paid in cash, to the implementation and completion of the installation by the investor. There are also intermediate forms between these two extremes. It is thus possible to examine several variants, from the point of view of the potential possibilities for applying them in our situation.

First of all, however, we should undertake to answer the question of whether all of the investment installations that have been begun should be completed. An assessment of the investment policy of the 1970's, and especially the exposure of many incorrect decisions, appear to indicate that it is highly dubious whether there is any sense in continuing any of the installations, especially in the form they have thus far taken. Before making a decision on using foreign funds to finish a given investment, we should therefore determine whether it will be useful and profitable for our economy. In connection with this, we should ascertain how much the completion of this installation will cost, how large and profitable its production will be, and--in regard to this--what the prospects are for the given field of production in the world economy.

In searching for correct answers to these questions, we should settle the key issue, namely who is to resolve them. The materials published to date and the statements by representatives of the ministries and industries do not indicate any recognition of the fundamental error in their past activity. Where then can we look for more objective assessments? It seems that for this purpose we should utilize the Planning Commission, the Ministry of Finances, the banks, and specialists from academic circles.* In special cases, especially when the planned production is based on a purchased license, the expert evaluation can be entrusted to a foreign consulting firm (the principal does not have to be a ministry, however) or to specialists from other countries.

The next question is determining whether all of the investments acknowledged to be "good ones" can be carried out and operated by a foreign firm or in close cooperation with one. It appears that two groups of investments should be singled out: strategic installations of key significance for the economy (this does not require any justification), and installations producing goods primarily intended for the domestic market. The second restriction is weaker, and in certain justified cases it could be renounced. Thus, entrusting the completion of a given investment to a foreign firm would be advisable in principle only if this caused the initiation of export production in other enterprises.

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*In accordance with the "Principles of the Activity of State Enterprises in 1982" adopted by the Council of Ministers on 30 November 1981, the Chairman of the Planning Commission is to decide on the distribution of investments (among "agencies" and "state enterprises") and on their retention or cancellation (editorial footnote).

In considerating the possibility of using foreign capital to complete the investments that have been begun, we may take into account both cooperation with the socialist countries, and with international capital. The formulas of the arrangements in both of these cases differ fundamentally. We should therefore accept certain assumptions for internal consistency in the course of our discussion. In view of the fact that many investments have been undertaken on the basis of Western licenses and technology, the possibilities for completing them will be presented here under the assumption of cooperation with international capital.

Examples of Arrangements

In selecting the various arrangements for the utilization of foreign funds, we should put a great deal of emphasis on the guaranteed return of the outlays invested, which would be received by the foreign investor. For example, the following formulas for the completion of the investments could come into play:

1) "turnkey" construction and repayment by means of the products;

2) the creation of a mixed company in which Polish and foreign capital would share;

3) the lease of the production installation to a foreign investor for a specific period.

Although there could obviously be more such formulas, it is nevertheless likely that these three basic ones will suffice to indicate the main problems associated with such a form of economic cooperation.

The completion of an installation on the basis of the turnkey construction formula gives a foreign firm the assurance that the credit will not be used in a different manner than the one specified. The firm's guarantees essentially end with this, however. It does not have any assurance that the installation completed by it or entrusted to it will achieve the planned production capacity, that the products will meet the specified quality standards, that a supply of raw materials and energy will be ensured, etc. As a result of this, repayments in the form of products may be delayed or not made at all. In such a case the repayment would have to be made in cash, thus increasing our debt and creating complications with the foreign investor, as a result of the Polish side's not abiding by the contract. In order to minimize this possibility, these forms should be utilized only in the case of installations that are not very large, in industries in which we have a reputation in world markets and in which production is based on domestic raw materials, which are relatively easy to obtain. On the other hand, the advantage of this solution for the foreign contracting party seems to be the fact that after the completion of the investment he does not have to worry about current production problems, but is rather ensured regular deliveries of the desired products.

A mixed company with two or more sides participating is a formula that closely links the participants in the enterprise. The Polish side's contribution would be primarily the capital frozen in the investment that had been begun. In

addition to this, the Polish side can and should take care of hiring the work force, supplying energy and raw materials available in Poland, organizing transport, and possibly supplying construction equipment during the phase of the implementation of the investment. The foreign participants would be responsible for providing the funds necessary to finalize the investment; they would secure raw and other materials unavailable in Poland, and organize the promotion of the export of part or all of the production.

In such companies, the dominant share generally belongs to the country in which the enterprise is located. In the case of the implementation of the investments that have been begun, the situation may be different. It will undoubtedly be affected by the state to which the investment has progressed at the moment when the negotiations begin, the Polish side's ability to participate in further implementation of the undertakings, and the degree of the foreign firm's interest in this undertaking. It is likely that one cannot rule out a situation in which a condition for signing the contract will be conceding to the contracting party an equal or even greater share, and the key positions in the management of the enterprise. It [the foreign side] can justify such a demand by the need for a guaranteed return of the outlays invested. Such a condition could, in principle, be accepted. Even if it were dominated by foreign capital, the company would nevertheless operate on Polish territory, its entire property would be located here, and it would have to abide by the regulations in effect in our country. These conditions seem to secure our interests to a sufficient degree, even if foreign capital dominates the company.

A mixed company gives the foreign investor more assurance of the return of his outlays (along with a certain profit) than "turnkey" construction. The firm has influence over the current activity of the undertaking, its size, and the structure of the production, and can thus adapt it more easily to its own needs or its customers. The Polish side, on the other hand, bears less of a financial risk than in the "turnkey" variant for completion of the investment. A possible failure of the enterprise would not substantially increase our indebtedness with respect to abroad. Cooperation with foreign specialists in completing the installation will make it possible to acquire new technological and managerial expertise.

On the other hand, financial settlements are a major complication for this solution, as a result of the nonconvertibility of our currency. Putting aside the question of shares in the investment outlays, since this can be negotiated [separately] for each occasion, the problem of current settlements remains. It is well known that part of the expenditures and revenues will be in foreign exchange (imports and exports), and part in the domestic currency (the wages of the work force, and supplies of energy and the basic raw materials). Since it is not possible to negotiate on each item of the expenditures or receipts individually, precise rules have to be created for reducing amounts expressed in different currencies to a common denominator.

The formula of leasing the installation would make the foreign firm entirely responsible for the completion of the investment. It would be obligated to contribute enough to the installation for production activity to begin. Revenues from the operation of the installation would compensate it for its outlays. Two variants are possible regarding this.

The first one would depend on establishing in advance the period in which the investor would have the right to operate the production plant. After the expiration of this time, the installation would be transferred to the Polish side. A relatively large risk for both sides is associated with this variant. If too short a period for self-payment is established, the foreign firm may suffer losses; if the period is too long, the firm may obtain benefits considerably exceeding its contribution to the enterprise.

In the second variant, the period of operation would not be specified in advance. It would last until the foreign investor's contribution had been completely repaid from the profits obtained. Individual arrangements may differ. For example, it would be agreed that 50 percent of the profits would be set aside to repay the firm's contribution, and 25 percent for its share in the profits; the rest would be the leasing fee. The first two parts (75 percent) would be subject to transfer outside the borders of Poland. This variant requires a detailed definition of the principles for calculating profits, and in connection with this, the adoption of special, detailed bookkeeping. Under this arrangement, the distribution of the profits would not take place in accordance with the share in the capital; the contribution of the foreign firm would be the only one subject to reimbursement. Thus, if the cost for completing the installation are acknowledged by the Polish side to be too high, the offer may be rejected during the negotiation phase.

A failure to set a price on the Polish contribution (the investment that has been begun) makes it impossible to calculate the amortization rates. Under the proposed arrangement, however, this is not necessary. Amortization rates would simply not be included in the production costs. In order to simplify the arrangements further, the rate of the taxes and other fees would also not be counted (except for the ZUS [Social Insurance Institution] fee). Thus, the gross revenues will be reduced by the costs of materials, cooperative deliveries, and foreign services, and the costs of the labor force, while the amount constituting the difference will be set aside for distribution in accordance with specific terms (e.g. those proposed above). This should limit complications in the area of settlements to a minimum.

The next problem is selecting the currency in which the enterprise's bookkeeping will be conducted. In principle, we have two possibilities--zloty or foreign exchange accounting.

If accounting in zlotys is chosen, the bookkeeping on expenditures for wages and purchases of raw materials and semimanufactured products in Poland does not present any difficulties. Difficulties arise with purchases made abroad and the calculation of the "profits." Since supplies to be paid for in foreign currency have to be converted into zlotys, the problem of adopting an exchange rate arises. As a result of excessively complicated exchange rate manipulations, it is possible to lose price comparability between domestic and foreign offers for supplies of materials, semimanufactured products, and services. This arrangement thus entails several complications.

Conducting the bookkeeping in foreign exchange appears to be simpler. At the same time, there are no problems with payments for foreign purchases. Paying for Polish supplies does not present any difficulty if one assumes

that they are paid for in foreign exchange. The price of the supplies is established on an individual basis between the firm and the supplier. Payments for water and energy supplies would also be made in foreign exchange at rates established before the signing of the contract. Payments for energy should be regulated in accordance with changes in world prices. With foreign exchange accounting, there are likewise no problems with the distribution of the surplus among the interested parties. In order to maintain the internal consistency of the above arrangement, it should be assumed that the production lots that we will want to bring to our own market will be paid for in foreign exchange. It is therefore important for as large as possible a portion of the production to be exported.

In this variant, a risk exists that the foreign firm forced to share the surplus earned will attempt to reduce the surplus through artificial increases in cost or reductions in revenues. One may imagine a situation in which the firm supplies itself at high prices from its branches or from enterprises in which it has shares, or else sells the finished products to them at reduced prices. A part of the surplus that is no longer subject to distribution is transferred to them in this manner. In order to prevent this, one may include in the contract the right of [the host country's] priority in supplies (whenever the price offered by the foreign producer is lower, the firm would be free to obtain supplies from it), and the right of priority in purchasing the final product. In addition to this, one may negotiate a condition that after the expiration of a specific period of time, the installation will be transferred to Polish ownership, regardless of whether the investor's contribution has already been repaid from the profits. The firm may possibly take back the machines and equipment installed by it, if this repays it.

Such cooperation can be beneficial to us, however, even in the extreme case that the enterprise does not provide direct revenues (e.g., as a result of a manipulation of costs and prices by the corporation), since the firm has to buy zlotys from the bank for wages for the work force; a transfer of technology to Poland will take place; the leased enterprises will be organizational models for other economic units; and additional export possibilities will be created for our industry.

The lease variant, consisting of the repayment of the foreign firm's contribution from the surplus earned, appears to be the most advantageous for the foreign contracting party--it gives it the relatively greatest guarantee of a return of its capital; but it is also advantageous for the Polish side. There is no need for concern about an infiltration of the economy by foreign capital, since the installation formally remain Polish property for the entire period, and actually do become Polish property after a certain period of time. Obviously, if we adopt this type of attempt to utilize foreign capital, we may expect several new arrangements to be worked out, and the above examples should therefore be treated as models.

Benefits for the Polish Economy

The fundamental question is precisely how to avoid at least part of the negative consequences of halting many investments--the results cited in the first part of this article.

In addition to avoiding the negative consequences, positive elements also emerge. One of these is the fact that all of the variants promote the development of exports. The forms and directions of these exports differ. Depending on the arrangement adopted, these can be exports that are entirely paid for by the credits obtained ("turnkey" construction), exports carried out in cooperation with foreign firms (through a company), or exports in the form of supplies for the firm leading the installation. Each form will make it possible to intensify commercial ties with foreign countries and increase foreign exchange receipts. Another source of foreign exchange would also be the wages of our workers, since the zlotys paid to them would have to be purchased in a Polish bank with foreign exchange.

The "increased closeness" of foreign exchange markets to our producers deserves particular emphasis. To date, more or less complicated procedures have been associated with exports: obtaining an export license, the intervention of foreign trade agencies, the conversion and distribution of the foreign exchange receipts, etc. If the last of the proposed variants is adopted--i.e., the leasing firm would operate under conditions approximating a so-called foreign exchange enclave--whenever a foreign exchange operation is conducted, a telephone call has to be made and an invoice has to be presented. At the same time, the enterprises will be compelled to undertake a competitive struggle among themselves and with foreign firms.

Cooperation with foreign firms does not only make it possible to complete some investments, but also to undertake the current modernization of the installations. Foreign exchange funds in the form of repayment of the foreign investor's contribution can either be exported, or re-invested in the installation on the basis of the contract. This will thus create conditions favoring a continual modernization of the product and the manufacturing technology. As is well known, a characteristic of international capital is the ease with which modern equipment and technology can also be transferred to countries at a lower level of development than the countries possessing the most modern industry. The possibility of close cooperation with foreign firms on Polish territory (through companies and leases of installations) would promote the creation and consolidation of such habits as thrift, economy, punctuality, etc.

Cooperation with international capital also entails several complications. On one hand, they are a result of the disadvantages of international capital (for the economies in which it operates), and on the other hand, they are a result of the contact of two different political and economic systems.

A possibility consequently exists that major conflicts may appear between the interests of the international corporation, and the interests of the country in which a branch of the firm is located. The firm will probably attempt to minimize the taxes it pays (e.g., through an artificial reduction of the profits in the branch in question). Great possibilities for manipulating prices and production costs are associated with this. In addition to this, a foreign firm can partially or completely shut down individual production plants, depending on the production capacity it possesses and the state of the market for the given product. A corporation with virtually unlimited funds available

for wages can "drain" the best specialists out of the economy by offering extremely attractive working conditions. The contact of two different systems with different operating mechanisms can set off many economic and social conflicts.

Economic conflicts can be eliminated or alleviated by adopting specific formulas for cooperation (e.g., leasing an installation on the basis of the principles of an enclave in a foreign environment). Extensive consultations should be carried out, presenting the shortcomings and advantages of the proposed arrangements, in order to prevent social difficulties.

The Benefits for the Foreign Contracting Parties

The previous arrangements would be pointless if the foreign firms were not interested in such an activity. We should therefore raise the following question: what benefits will be obtained by a foreign investor who participates in starting up a production installation in Poland?

First of all, there should be relatively high profitability, and a comparatively rapid return of the outlays for such an enterprise. Investments that have already been begun are more profitable, since some of the outlays have already been made. In considering the alternatives, whether to build a given production installation from the ground up at home, or else to allocate a considerably smaller amount of funds for completing an investment in Poland, cost effectiveness points to the second possibility.

Operating costs will probably also be lower in an installation built in Poland. This is a result of the relatively low level of wages, lower costs for basic raw materials, and greater flexibility in the rates of taxation and fees.

In this article, we have outlined proposals for arrangements that would allow eliminating at least part of the losses resulting from the reduction of the share of domestic investments in the national income. It also appears that the variants proposed make it possible for us to improve our situation in the world market. Admittedly, the arrangements given are not a novelty either in our economy or in other socialist economies; the present economic situation, especially in the field of investments, nevertheless gives them special significance.

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TRADE TURNOVER IN FIRST TWO MONTHS OF 1982 DISCUSSED

Warsaw HANDEL ZAGRANICZNY in Polish No 3, 1982 p 4, 8

[Article by M. D.: "After Two Months--Indications and Dangers"]

[Text] The statistical data on the turnover in Polish foreign trade in the first 2 months of 1982 do not provide a basis for optimistic assessments. Admittedly, a period of 2 months is too short to provide a basis for formulating predictions for the entire year; nevertheless, the unfavorable trends that were previously indicated* are apparent in this period. If they are not reversed or at least checked in the next few months, they will have a negative effect on the creation and distribution of the national income. For the present, however, let us dwell on the facts.

As is apparent from the data from the Main Statistical Office [GUS], our total exports, which in the first 2 months of 1982 reached a level of 86.1 billion zlotys (negotiable ones--we will be using this unit from now on, accordance with the principles in force), was nearly 15 percent lower than a year before. Exports to the countries of payment area I [the socialist countries] did better, since they were only 3.7 percent lower than last year. On the other hand, the results in exports to the countries of payment area II [the capitalist countries] were considerably worse; these exports were over 24 percent lower than a year before.

Next, total imports (fob) during the first 2 months of 1982 reached a level of nearly 88.5 billion zlotys (thus, evidently only slightly greater than exports). In comparison with the analogues period last year, imports declined more sharply than exports, i.e., by close to 29 percent, including a 9.3 percent decrease in imports from the countries of payment area I, and as much as 46.4 percent in imports from the countries of area II. On one hand, such a sharp reduction in imports is an obvious reflection of our payment difficulties in relations with the capitalist countries (the burdening of our foreign exchange receipts by "fixed" liabilities, and the virtual lack of new credits). On the other hand, it is the main reason for the under-utilization of manufacturing capacity and the decline in exports. We will return to this problem later; here we will continue to examine the formation of the turnover in Polish foreign trade in terms of the basic aggregates.

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*Cf., among others, the series entitled "Critical Points in Polish Foreign Trade," HANDEL ZAGRANICZNY Nos. 1-2 1982. [See JPRS -81081, 18 June 1982 pp 79-92, and JPRS-81124, 24 June 1982 pp 53-61.]

The decline in exports of the products of the electrical machinery industry and of other commodities (including raw materials) was approximately equivalent. With the countries of payment area II, on the other hand, this decline affected exports of machinery and equipment more seriously (by about 32 percent) than the other commodities (24 percent). As one may judge, an important role in regard to this was played by hard coal, exports of which increased drastically in the first 2 months of 1982. Our ability to increase coal exports considerably above last year's level also resulted in our maintaining total exports of the so-called other commodities to the socialist countries at last year's level. As is apparent from this, coal is the main growth commodity in our exports, just as during the period immediately following the war. Without downplaying the positive consequences of this fact, we should remember that the growth possibilities of this export are limited by both supply and demand factors. At the same time, the present level of development of the Polish economy, and the scale and structure of its ties with the world economy, are so substantial and varied that coal exports cannot have the same effect on development processes as in the 1940's. This thesis is confirmed by the decline in both the production and export of manufactured products, especially the products of the electrical machinery industry, which is one of the branches of industrial production most dependent upon imports (after the chemical industry). During the period in question, almost none of the commodity groups included in our exports of machinery and equipment reached last year's level (except for railroad rolling stock).

More pronounced structural changes occurred in imports during the period we are analyzing: imports of machinery and equipment declined more sharply (by about 39 percent) than imports of other commodities (about 25 percent). This latter group consisted primarily of raw and other materials, and market commodities. Thus the scarce funds available for imports were earmarked to a great extent for purchases of the latter commodities, which had a direct effect on current supplies for production, as well as for the consumer market. The curtailment of imports of machinery and equipment was particularly pronounced in trade with the countries of payment area II: during the first 2 months of 1982, imports of equipment from this area were about 63 percent lower than a year before. This is partially a consequence of the curtailment of the implementation of many investment projects, but also, at the same time, a result of drastically limited payment possibilities. The machinery and equipment group does not include only investment goods, but also cooperative elements required for current supplies for production.

Thus, the basic reason why there is still a declining trend in industrial production and exports is the shortage of resources for imports. We will examine this phenomenon in light of the balances of the commodity turnover in Polish foreign trade, as they appear after 2 months. Thus, the overall slight negative balance (about -8.3 billion zlotys) includes a high negative balance (-13.5 billion zlotys) in trade with the area I countries, and a positive balance (+5.2 billion zlotys) in trade with the area II countries. This means that this year our economy is already being supplied from abroad from only one direction; in regard to this, it is worth emphasizing that virtually the only country from this area causing the negative balance is the Soviet Union (we even obtained a slight positive balance with the other area I countries).

The positive balance in trade with the area II countries means that the "fixed" payments of our obligations exceed the imports financed by credits (mostly as a direct result of the restrictions that have been imposed). The resulting settlement of the Polish economy's debts can only be maintained for a short period under the present conditions, and thus cannot be viewed favorably in the context of the anticrisis measures.

Among these measures, those leading to our overcoming our previous fixed dependence upon imports, as well as those inducing producers to develop exports, should be considered the most important. In order for those measures to be effective, they must also be supported by access to the credit market, making it possible to import supplies on a scale allowing efficient utilization of the manufacturing apparatus.

In view of the realities, fulfillment of these conditions appears to be excessively difficult. Admittedly, one may consider the overcoming of our economy's high import-intensiveness, which has been particularly apparent during the past decade, to be already under way in some sectors, although this process is too slow. It also has specific limits, and we will require time and outlays to go beyond them. It is therefore of fundamental importance for the resources designated for imports, which for the most part still remain at the disposition of the [foreign trade] agencies, to be allocated as sensibly as possible. Thus, the channeling of even small resources to those branches of industry and enterprises in which large stocks of unfinished products have appeared (i.e., due to a shortage of elements or materials that are indispensable, even though they may be small ones) can cause at least one-time multiplier effects, in the form of an increase in production and exports. Such effects may also be expected as foreign exchange deductions are granted and later on put into effect. A stimulation of export production should also occur in fields that are not very (or partially) dependent upon imports, side by side with the institution of the mechanisms of the reform and a correspondingly rapid correction of those elements that turn out to be insufficiently effective. This should take place as rapidly as possible, in order to reverse the trends which have already become apparent from the first 2 months of this year, and which may cause a further drastic decline in material production and consumption.

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SPECIAL CURRENCY EXCHANGE RATES PUBLISHED

Warsaw TRYBUNA LUDU in Polish 26 Jul 82 p 7

[Text] Announcement of Exchange Rates Table No 30/82, effective 26 July 1982, by Stanislaw Nieckarz, for the president, Polish National Bank, on 26 July 1982.

I. Foreign-currency exchange rates in zlotys for countries of the first payments area [socialist countries] for commercial and noncommercial payments remain unchanged.

In purchases of travelers' checks for rubles, issued by the USSR Foreign Trade Bank and payable outside the USSR in the currency of the country where cashed, an exchange rate of 11,713.90 zlotys per 100 rubles is applied.

II. Foreign-Currency Exchange Rates in Zlotys for Countries of the Second Payments Area [Capitalist Countries]

Exchange Rates Table No 30/82

Country	Curr Symb		Currency	Foreign Exchange Purchase 3	Foreign Exchange Sales 5	Money Purchase 1	Money Sales 2	Average 6
Saudi Arabia	771	1	rial***	24.91	25.17	--	--	25.04
Australia	781	1	Aust.dollar	86.80	87.68	85.50	88.98	87.24
Austria	786	100	schillings	494.35	499.31	486.89	506.77	496.83
Belgium	791	100	francs	182.53	184.37	179.78	187.12	183.45
Denmark	792	1	kroner	10.04	10.14	9.89	10.29	10.09
Finland	780	1	markka	18.13	18.31	17.86	18.58	18.22
France	793	1	franc	12.49	12.61	12.30	12.80	12.55
Greece	724	100	drachmas	123.35	124.59	106.91	126.45	123.97
Spain	785	100	pesetas	77.00	77.78	75.84	78.94	77.39
Holland	794	1	florin	31.52	31.84	31.05	32.31	31.68
India	543	100	rupees***	899.89	908.93	--	--	904.41
Ireland	782	1	pound***	119.84	121.04	--	--	120.44
Japan	784	100	yen	33.77	34.11	33.26	34.62	33.94
Yugoslavia	718	100	dinars	171.34	173.06	148.51	175.64	172.20
Canada	788	1	Canad.dollar	68.00	68.68	66.97	69.71	68.34
Kuwait	770	1	dinar***	298.66	301.66	--	--	300.16
Lebanon	752	1	pound	16.48	16.64	16.23	16.89	16.56
Libya	651	1	dinar***	289.33	292.23	--	--	290.78
Luxembourg	790	100	francs	182.53	184.37	179.78	187.12	183.45
Norway	796	1	kroner	13.54	13.68	13.34	13.88	13.61
Portugal	779	100	escudos	100.73	101.75	87.31	103.26	101.24
FRG	795	1	mark	34.78	35.12	34.25	35.65	34.95
United States	787	1	dollar*	85.67	86.53	84.38	87.82	86.10
Switzerland	797	1	franc	40.85	41.27	40.24	41.88	41.06
Sweden	798	1	kroner	14.03	14.17	13.82	14.38	14.10
Turkey	627	100	pounds	52.24	52.76	45.28	53.55	52.50
Great Britain	789	1	pound**	149.07	150.57	146.82	152.82	149.82
Italy	799	100	lira	6.22	6.28	5.39	6.38	6.25

* Valid also in clearing accounts with the following countries: Bangladesh, Brazil, Ecuador, Greece, Iceland, Kampuchea, Colombia, Lebanon, Pakistan, Peru and Turkey.

** Valid also in clearing accounts with the following countries: Nepal and Pakistan

*** The Polish National Bank does not purchase money in these currencies.

CSO: 2600/820

FINANCIAL RESPONSIBILITY SOUGHT IN FOREIGN TRADE ACTIVITY

Bucharest REVISTA ECONOMICA in Romanian Nos 24, 25, 18, 25 Jun 82

[Article by C. Roman, minister of finance]

[No 24, 18 Jun 82 pp 10-11]

[Text] Under the conditions of the persistent crisis phenomena in world economies, Romania's commercial relations and those of international economic cooperation have continued to develop at relatively fast rates. In 1981 the volume of exports rose 11.3 percent compared with 1980, together with a 7.4-percent reduction in imports, which insured a surplus commercial balance of more than $300 million, with a positive effect on the foreign debt.

In the first quarter this year, together with an increase in production, the total volume of exports was greater than in the same period last year, while imports were nearly 13 percent less, in this way achieving an active commercial balance. The results recorded in this five-year plan, despite the fact that they express the foreign progress of our economy, are below the level of plan tasks. A qualitative leap in needed in carrying out foreign commercial relations, one which insures fulfillment of the tasks drawn by the party for Romania's development with our own forces , without resorting to credits (primarily investment credits), that is, insuring a complete commercial and payments balance.

Strengthening of financial-currency discipline at all the participating links in foreign trade activity has great importance for balancing foreign payments of the state: the production enterprises for export and import beneficiaries, the foreign trade ministries, the banks, ministries and other organs of the national economy, primarily the State Planning Committee and the Ministry of Finance. Clearly, foreign trade activity does not concern just the enterprises specializing in foreign trade and the corresponding factors in the ministries who are holding them; on the other hand, within the units and organs with foreign trade duties the problem of financial-currency discipline does not concern the financial-accounting discipline exclusively. Providing strict respect for financial-currency discipline and continually strengthening it are a primordial task of all workers in the ministries, central organs, banks, enterprises, whose activity takes place in the area of foreign commercial relations.

Referring to certain shortcomings which have been demonstrated in good management of financial resources at a broader level in the national economy,

Comrade Nicolae Ceausescu stressed at the March 1982 party plenum that it is necessary "for us to bring order and complete discipline, to follow and check on how each leu is being spent! We must proceed from the fact that each one, in his area of activity, bears responsibility for the way in which the resources entrusted by the people are administered and are spent. Each collective has a portion of the people's wealth in its management and responsibility and it must give an account to the people and to the state as the people's representative about the way it is managing it."

Strict respect and strengthening of financial-currency discipline mean primarily the steadfast application of the principles of the new economic-financial mechanism in the area of foreign trade relations, as stipulated by the Law on Strengthening Worker Self-Leadership and Economic-Financial and Currency Self-Management in Foreign Trade Activity. Basically these provisions of the law seek to stimulate exports, to increase the competitiveness of Romanian products on the world market and to develop all foreign trade activity and activity of international economic cooperation, to have efficient adaptation of production to the requirements of the foreign market and have rational management of Romania's currency resources.

Together with introduction of the unified commercial rate, starting on 1 January 1981, the new foreign trade law establishes that all activity of foreign trade and international economic cooperation is organized and takes place in accordance with the principle of economic-financial and currency self-management, with the results of this activity being reflected in overall results both of the production unitsfor exports and beneficiaries of imports as well as of the specialized foreign trade enterprises. In this direction the provisions of particular importance are the ones according to which the units concerned are required to take all measures (in production and in the process of commercialization on the f reign markets) so that the currency receipts provide not only coverage of expenses in hard currency and repayment of credits received in hard currency on schedule but also an appropriate currency contribution intended to increase the state's currency reserves and to create supplementary currency resources for imports and to establish special funds for material incentives for the worker personnel participating in carrying out the exports.

Self-Management Operates Only Under Conditions of Competitiveness

Self-management is the basic principle of the new economic-financial mechanism which cannot be conceived of without profitable activity in all sectors of economic activity. The application of this principle in the area of foreign commercial relations has led to better utilization of Romanian products on the foreign market. Despite this, even last year our export still was encountering products which, due to certain diverse reasons (lack of respect for contract conditions, delivery delays, poor commercialization activity), are being sold on the foreign markets at foreign prices which include an insufficient currency contribution. The actual results are even more unfavorable when the expenses are saddled with the payment of penalties for failure to respect the conditions provided in the payment documents, while the receipts are reduced by discounts.

The negative effects on the balance of current foreign payments also are brought by failure of the foreign clients to pay for the export documents on schedule and are favored in some cases by the lack of complete assuring measures from the foreign trade enterprises. So, the deliveries made by certain foreign trade enterprises without guaranteeing payment from the particular foreign partners have proven particularly harmful, which in some cases has led to failure to make receipt of the appropriate rights in currency or to prolonged blockages in the roll of resources, particularly negative phenomena at the current level of interest on international credit markets.

Another basic principle of the new economic-financial mechanism as provided in the Law on Foreign Trade lies in the utilization of commercial balances and annual plans for receipts and currency payments for our own foreign trade activity and international economic cooperation in the ministries, centrals and enterprises which produce products for export or benefit from imports. The currency surplus, in the form of balance of currency plan, is a minimum contribution to the state's centralized currency fund. In order to achieve this surplus, the law provides that planned imports can be carried out only to the extent to which the receipts and deposits established by the plan are achieved quarterly or proof of the existence of firm export contracts is given, which insures the necessary currency resources. If these resources cannot be provided, the ministries, centrals or enterprises concerned are required to make an appropriate reduction in imports, fitting into the planned currency balance.

This important principle of the new mechanism was not implemented with all firmness in the first year the law was applied, that is, 1981. In his speech to the joint working meeting of the RCP CC and the Supreme Council for Economic and Social Development on 9 February 1982, Comrade Nicolae Ceausescu pointed out that, due to certain shortcomings in the activity of organization and leadership of economic activity and to special weather conditions in agriculture and influences of the aggravated world economic crisis, a production equal to around 25 billion lei was not obtained, nearly entirely for export, which brought us a lack in surplus commercial balance in free currency of nearly$1 billion. At the same time, despite all the measures taken by the party and state leadership to reduce imports, they did not fall to the proper level in order to insure the necessary currency balance. On the contrary, in some cases, even supplementary imports were called for.

In order to eliminate the shortcomings mentioned and to have strict inclusion in financial-currency discipline, with a view to balancing our foreign payments balance and creating supplementary currency resources which would be used for the country's social-economic development, it is necessary to have efficient use of the commercial export-import balance in all enterprises, centrals and ministries--as a means of current leadership--with a view to mobilizing all forces for our foreign trade development according to the principles of the new economic-financial mechanism. In the spirit of the law the development of those units and sectors with competitive export activity must be stimulated, the ones which really can close their commercial balance with currency surpluses, can finance themselves, ones which use exclusvely indigenous raw materials, such as agriculture, some subbranches of the chemical-pharmaceutical industry, international tourism.

The export plan, whose tasks should be considered minimal, under the current conditions of the world crisis, is the most important problem of the Romanian economy, since fulfillment is a condition of the economy's being supplied from the world market with numerous scarce raw materials, with equipment intended to insure technical progress in the economy, which cannot be or still cannot be produced in Romania.

Each Enterprise Contributes to Romania's Commercial and Currency Balance

According to the new foreign trade law, the enterprises, centrals, ministries and other organs with foreign trade tasks are required to provide for permanent growth and diversification of production for export, and to insure that competitive products are obtained at a high technical level through superior utilization of raw materials, fuels and energy, to insure efficient adaptation of production to the requirements of the foreign market, to insure judicious use of imports, promotion of mutually advantageous exchanges and some new, efficient forms of foreign trade and international cooperation.

In order to fulfill these tasks, the production enterprises for export are required to concentrate their attention to a greater extent on filling all the foreign orders, recovering lags in this direction and to take decisive measures in quality improvement, the products' technical parameters as well as presentation conditions so that high prices are obtained on the foreign market, so that timely delivery is insured according to the contracts for the goods in order to avoid application of penalties as a result of the delays or giving discounts as a result of the destruction of perishable goods. Higher concern must be shown for reducing manufacturing expenses, particularly of energy consumption, raw materials and imported materials, actions which, along with increasing the degree of efficiency of the particular products for export, relieves the state's foreign payments balance, reducing the currency expenses borne by the state to supply iron, steel, coke, bauxite, cotton and so forth.

As has been pointed out in numerous party documents, it is necessary for the ministries, centrals and supplying enterprises to analyze the problem of the efficiency of export of each product separately with maximum responsibility and to move decisively to eliminate products with low currency contribution from exports, replacing them with other goods for which appropriate efficiency indicators can be obtained. In the future we no longer should tolerate the delivery of those products for which the manufacturing and commercialization expenses are not covered in their entirety through the foreign price, whose export actually expresses removing a portion of the national income from Romania. Responsibilities just as big rest with the economic and financial planning system for correct and real evaluation of the efficiency of foreign commercial operations.

It also is necessary to continue taking action to solve certain problems connected with providing materials, various subassemblies and spare parts which we build in Romania in order to reduce the imports of these products in this way through our own research-design. Careless treatment of this problem and appealing to imports without a serious analysis of the domestic reserves for creation and production have negative effects with regard both to not bringing to good account our material and human possibilities as well as balancing the balance of payments, increasing the currency reserves needed for economic development and consolidation of the national wealth.

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[Text] A leading role in balancing the foreign payments balance and in forming currency surpluses belongs to the specialized foreign trade enterprises. All their activity should occur without any deviation from the financial-currency discipline instituted by the new economic-financial mechanism and from the legal standards in effect. Through their specific nature of work, the foreign trade enterprises are directly in the center of the problems of Romania's commercial relations and relations of international economic cooperation and, as such, disfunctions in the contractual mechanism and flow directly affect the efficiency of these relations and their influence on the national economy as a whole.

Active Aid and Control From the Foreign Trade Enterprises

In conformity with the provisions of the single national plan for economic-social development, the foreign trade enterprises are required to provide for the sale of Romanian goods on foreign markets, supply of the national economy with needed goods through imports and carrying out of actions of international economic cooperation under conditions of high economic efficiency. These tasks provided in the foreign trade law cannot be fulfilled without systematic activity of prospecting the foreign markets, without making competent analyses of the situation of goods and currencies on the markets at the time, without careful knowledge of the business partners of the standards of international law and specific legal standards in the other countries and methods of commercial and banking transactions for the operations of deliveries and sales of goods. Here we have the need for all worker personnel in the foreign trade enterprises, particularly the operating personnel, to have a high level of professional training, for the preservation of which uninterrupted efforts must be made. At the same time, in order to prevent the appearance of negative phenomena linked with the quality of the goods delivered by the producers, delays in delivery and so forth, which could lead to a reduction in currency receipts, the foreign trade enterprises, in accordance with the law, are required to exercise permanent control in the production units over putting the export goods into production, building them in time and having them be of good quality and to take measures to achieve the export contracts under optimum conditions together with the production units. Only through superior demandingness in the receipt of goods for export from the producer can the foreign trade enterprises have the guarantee of efficient commercialization of the particular goods on the foreign market. Implementing this legal obligation, however, is being delayed in some foreign trade enterprises. Special concern must be shown by the foreign trade enterprises to move deliveries according to the contract conditions, guarantee letters without delays, requests for extensions, renegotiations with support of supplementary banking expenses. Also in no way can we justify the delay in compiling the payment documents which, in the best case, has the effect to delaying the receipt of the currency due the state. Financial-currency discipline places on the foreign trade enterprises not only the task of carrying out exports under advantageous conditions for Romania but also

having as fast a receipt as possible of their rights in currency, a necessary condition for being able to pay off our payment obligations abroad (imports, loan payments, credit interest) without the delays linked with supplementary

The foreign trade enterprises have broad opportunities to contribute to balancing the foreign balance of payments of Romania and to creating currency surpluses by carrying out commercial operations to obtain the currency contribution. By introducing the new economic-financial mechanism, the foreign trade enterprises have been given the right to carry out these kinds of operations with any type of good and foreign currency. These operations offer a series of advantages, primarily that large profits in currency can be obtained in certain cases without production and delivery efforts from the national economy. Of course, carrying out such operations means great flexibility of action, professionalism, initiative, good information, with the necessary framework being provided by the law of negotiating departments, but only partially implemented so that a great number of enterprises are not fulfilling their annual tasks as drawn by the Ministry of Foreign Trade and International Economic Cooperation, achieving a modest volume from these kinds of operations. As a result, it is necessary for the foreign trade enterprises to be organized more decisively to extend and diversify the commercial operations of currency contribution.

The Financial-Banking System Involved in Increasing Foreign Trade Efficiency

The banking units have special tasks in strengthening financial-currency discipline, particularly the Romanian Bank for Foreign Trade, which supervises execution of the foreign payments balance and, along with the Ministry of Finance, the Ministry of Foreign Trade and International Economic Cooperation, the State Planning Committee, is responsible for achieving it. Moving from operations of follow-up and record-keeping to more complex operations of optimizing the operations of giving and receiving foreign credits and of optimizing the investment of reserves on account, can lead to large currency contribution operations of the banks in collaboration with the foreign trade enterprises. The operations for domestic discounting of exported goods or those imported take place through the Romanian Bank for Foreign Trade, with its having the duty to control and insure inclusion in the planned rates of return.

In order to aid steadfast respect for and continued strengthening of financial-currency discipline in foreign trade activity, the Ministry of Finance, together with the Ministry of Foreign Trade, have the duty of providing permanent and systematic control over all production and commercialization activity on foreign markets, to give aid and permanently guide the production enterprises for export and import beneficiaries and the foreign trade enterprises for complete fulfillment of the foreign trade plan under conditions of implementing the principles of the new economic-financial mechanism. The basic concern of the overall organs, of the other holding organs and of the banks should be directed toward fulfilling the efficiency indicators, toward achieving the currency balance established by the new economic-financial mechanism, insuring the balance of payments and creating supplementary currency resources and respecting socialist legality.

In consolidating the new economic-financial mechanism in foreign trade activity it is necessary for the Ministry of Finance, in collaboration with the Ministry

of Foreign Trade, other organs, banks, ministries with foreign trade tasks, with consultation with the production enterprises and foreign trade enterprises, to continue activity to improve the normative acts in effect in accordance with the practical experience obtained following entry of the new foreign trade law into effect, and particularly the methodological standards for applying this law. So, practice has shown that the current mechanism for internal discounting is particularly complicated, requiring a large volume of financial-accounting and banking jobs which are not justified by the resultant effect. For that reason, in our opinion, some measures would be needed to simplify it in the general spirit of the new economic-financial mechanism, measures which would be carried out by reducing the number of groups of goods for which rates of return are established by the plan as well as determining them on more realistic bases.

Steadfast application and continued consolidation of the economic-financial mechanism and the principles of worker self-leadership and economic-financial self-management in foreign trade activity place before all worker collectives and the collective leadership organs in all economic units with production or import-export activity and in the ministries and banks the tasksof respecting financial-currency discipline and the principles and requirements of the new economic mechanism in each operation and transaction. Any deviation or violation of financial-currency discipline has sometimes serious negative repercussions not only on foreign trade actions but even on Romania's overall social-economic development and on the opportunities for raising the people's material and cultural standard of living.

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